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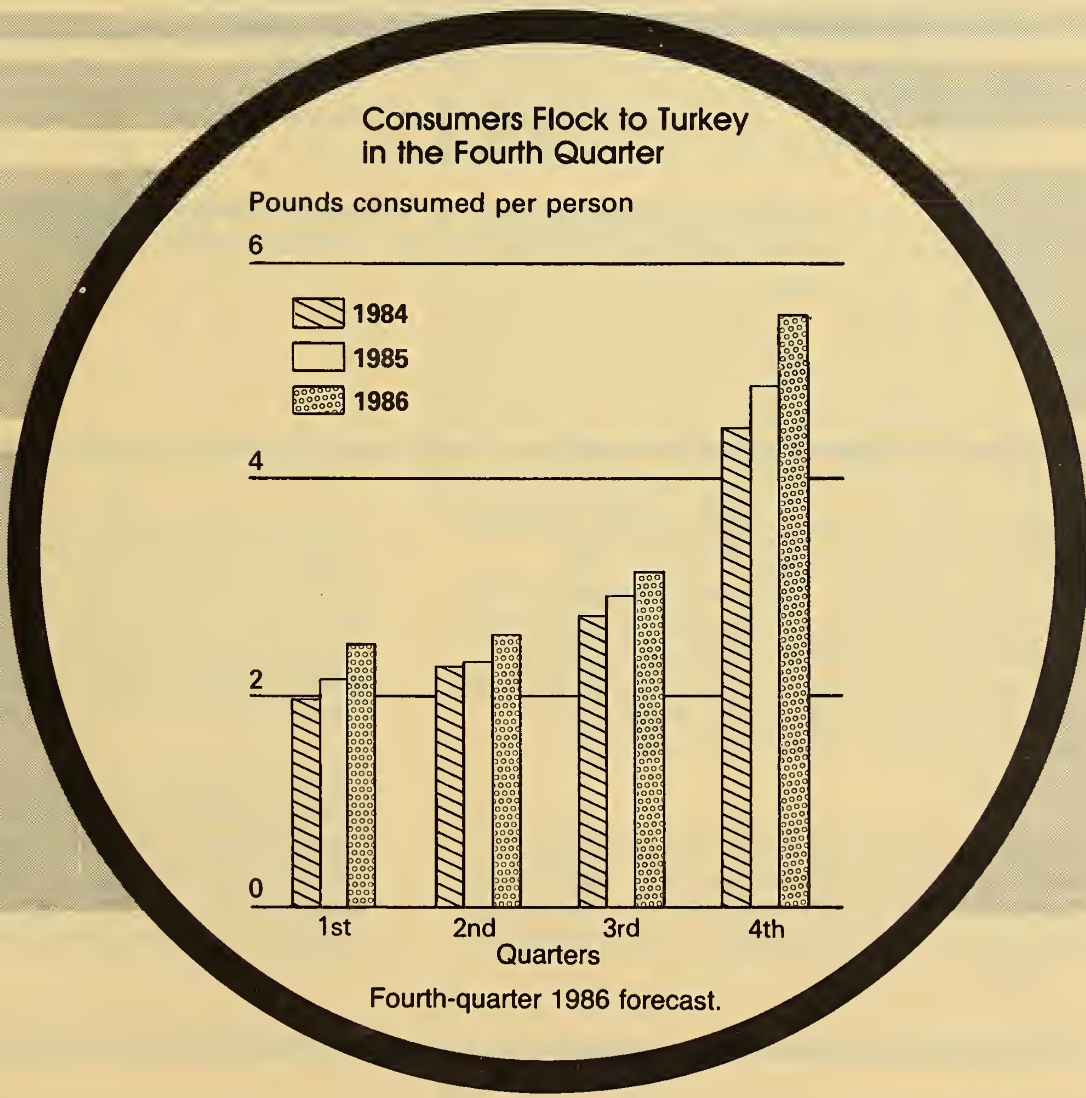
Situation and Outlook Report



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The present forecasts will be updated if needed in the World Agricultural Supply and Demand Estimates scheduled for release on December 2, 1986, January 12, and February 9, 1987.

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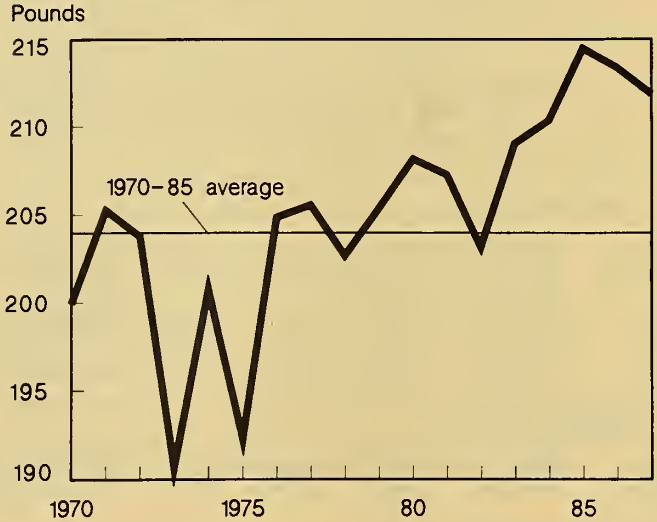
Total red meat and poultry supplies remain near record levels and 1986 per capita consumption is likely to be down slightly from the record 215 pounds in 1985.

Consumers purchased an average of 204 pounds of these meats in 1970-85, with succeedingly larger amounts each year starting in 1982. Although this year's decline will probably be followed by another modest decrease in 1987, the consumption mix will change sharply. Poultry supplies should continue to expand, while red meat supplies, particularly beef, decrease. Since 1982, slaughtering of potential breeding stock as a means of adjusting inventories has helped hold up red meat supplies, but in 1987 the cattle inventory is expected to begin stabilizing and hog numbers are likely to expand.

Per Capita Red Meat and Poultry Consumption



The combination of hot weather in 1986 that limited poultry production expansion and strong demand from the introduction of new products raised broiler and turkey prices. Continuing positive net returns for poultry producers in 1987 plus prospects for reduced red meat supplies should lead to a rapidly expanding poultry sector. In 1986, broiler and turkey output is expected to rise 4 and 12 percent, respectively. Broiler production next year may gain 5 to 7 percent.

Turkey supplies this fall and through 1987 are expected to remain large, with a 15 to 17 percent production rise likely next year. Turkey stocks at the start of the fall holiday season were the third largest since 1960. Whole turkey stocks were up 16 percent from last year. With both production and stocks larger, fourth-quarter supplies will be substantially more than a year earlier. Whole turkey prices this fall are likely to average below the 90 cents a pound of a year ago.

Poultry prices are likely to average near to slightly below year-earlier levels through 1987 as demand remains heavy and supplies of competing meats decrease. Although red meat supplies are expected to decline about 5 percent in 1987, with less pork and particularly less beef, prices may rise only 4 to 5 percent as total meat supplies remain large. These price levels would about match those of the early 1980's.

Table 1--Livestock, poultry, and egg production and prices
(All percent changes shown are from a year earlier.)

Item	1984	1985	1986					1987 1/			
	Annual	Annual	I	II	III	IV 1/	Annual 1/	I	II	III	Annual
					Million pounds						
PRODUCTION											
Beef	23,418	23,557	5,769	6,247	6,275	5,650	23,941	5,600	5,700	5,675	22,350
% change	+2	+1	+1	+5	+2	-2	+2	-3	-9	-10	-6
Pork	14,720	14,728	3,564	3,567	3,237	3,600	13,968	3,350	3,350	3,300	13,775
% change	-3	0	-1	-5	-9	-6	-5	-6	-6	+2	-1
Lamb & mutton	371	352	89	78	80	82	329	82	78	78	320
% change	+1	-5	-4	-6	-6	-10	-7	-8	0	-3	-3
Veal	479	499	129	129	130	115	503	100	100	100	410
% change	+12	+4	+8	+8	+3	-14	+1	-22	-22	-23	-18
Total red meat	38,988	39,136	9,551	10,021	9,723	9,447	38,741	9,157	9,228	9,153	36,880
% change	0	0	0	+2	-2	-4	-1	-4	-8	-6	-5
Broilers 2/	12,999	13,569	3,414	3,673	3,599	3,475	14,137	3,650	3,850	3,850	15,050
% change	+5	+4	+6	+5	+3	+4	+4	+7	+5	+7	+6
Turkeys 2/	2,574	2,800	556	717	934	940	3,174	665	855	1,070	3,660
% change	0	+9	+15	+14	+9	+13	+13	+20	+20	+15	+15
Total poultry 3/	16,088	16,871	4,107	4,536	4,658	4,535	17,828	4,445	4,845	5,035	19,215
% change	+4	+5	+6	+6	+5	+6	+6	+8	+7	+8	+7
Total red meat & poultry	55,076	56,007	13,658	14,557	14,381	13,982	56,569	13,602	14,073	14,188	56,095
% change	+1	+2	+2	+3	0	-1	+1	0	-3	-1	-1
					Million dozen						
Eggs	5,708	5,688	1,422	1,419	1,413	1,450	5,704	1,440	1,435	1,430	5,780
% change	+1	0	-1	+1	0	+1	0	+1	+1	+1	+1
PRICES											
					Dollars per cwt						
Choice steers, Omaha, 900-1100 lb	65.34	58.37	57.22	54.52	58.91	60-63	58-59	62-66	63-69	62-68	62-68
Barrows & gilts, 7 mkts	48.86	44.77	43.30	47.23	61.13	53-56	51-52	54-58	53-59	55-61	52-58
Slaugh. lambs, Ch., San Ang.	62.17	68.02	65.63	77.61	69.45	60-63	70-72	68-72	73-79	67-73	67-73
					Cents per pound						
Broilers, 12-city avg. 4/	55.6	50.8	50.3	54.3	66.6	54-57	56-57	51-55	51-57	50-56	50-56
Turkeys, NY 5/	74.4	75.5	62.0	68.5	78.8	79-82	72-73	58-62	61-67	67-73	64-70
					Cents per dozen						
Eggs New York 6/	80.9	66.5	74.2	63.4	72.8	72-75	70-71	66-70	61-67	65-72	65-67

1/ Forecast. 2/ Federally inspected. 3/ Includes broilers, turkeys, and mature chickens. 4/ Wholesale weighted average. 5/ Wholesale, 8- to 16-pound young hens. 6/ Cartoned, consumer Grade A large, sales to volume buyers.

FACTORS AFFECTING LIVESTOCK AND POULTRY

The price of meat is expected to remain under pressure as supplies continue large, the general economy grows slowly, incomes move up very slightly relative to inflation, and unemployment rates remain near current levels. Producers' costs may fall slightly as feed prices remain below prior year levels, more than offsetting increases in nonfeed costs.

General Economy Continues to Grow Slowly

The general economy, as measured by the Gross National Product (GNP), has grown very slowly so far this year. In the second quarter of 1986, growth increased less than 1 percent from the first quarter. A drop in business investment and net exports held down GNP. With the U.S. dollar weak relative to the Japanese yen and European currencies, the net export deficit is expected to improve as relatively lower priced U.S. export items become more attractive to foreign consumers. Preliminary data indicate that GNP during the third-quarter grew at a 2.4-percent rate. GNP may be up only modestly in the remainder of 1986 if housing starts remain strong. GNP may rise at a 2 to 3 percent growth rate in the remainder of 1986 and at a slightly higher rate in 1987. The unemployment rate is expected to remain about constant at 7 percent and per capita income may grow very slightly. Thus consumer demand for red meat and poultry is not expected to be greatly changed from early 1986 for the remainder of this year or into 1987.

Export Enhancement Program

The Export Enhancement Program (EEP) is set up for countries that may or may not have imported U.S. products. EEP serves to start new markets and meet subsidized competition. After a country has an announced program, export firms can bid on the next tender put forth by that country. If the exporter gets a tentative contract to fill the tender, USDA will then be asked to pay a bonus to cover the differential between the U.S. landed price and the subsidized supplier's price. CCC commodities or certificates redeemable for CCC commodities are issued to the export firms when the exporter fills the contract. Since June 1985 when the first announcement was made, initiatives have been announced including 43,500 metric tons of frozen poultry, 45 million dozen table eggs, and 52,500 head of dairy cattle. By the end of October, 6,350 head of dairy cattle had been sold and poultry sales, all to Egypt, totaled 43,000 tons. Additional cattle exports initiates are expected to be developed with other countries. In addition, $137 million of the new GSM-103 intermediate (3-10 years) guaranteed credit program was allocated for purchase of breeder livestock in 1987.

Feed Prices Lower

U.S. feed grain production from the 1986/87 crop is expected to decline 9 percent from the large 1985/86 crop. However, beginning stocks this fall have increased 120 percent from last year and equal about one-half of expected production. Domestic use in 1986/87 is expected to be the equivalent of 45 percent of the total feed grain supply, down from 51 percent in 1985/86 and 59 percent in 1984/85. Beginning stocks represent nearly 75 percent of expected use even before the current harvest adds to available supplies. These large inventories will be largely responsible for expectations that prices will remain at or below loan levels throughout the 1986/87 marketing year.

The 1986 U.S. corn crop is expected to be 8.2 billion bushels, down slightly from 8.9 billion bushels in 1985. Carry-in stocks may be equivalent to nearly half of production at 4 billion bushels. Domestic use is estimated at 5.4 billion bushels, primarily feed use. The impact of large corn stocks is expected to result in a season average farm price between $1.55 and $1.80 per bushel, down from $2.35 in 1985/86. With ending stocks in 1986/87 currently projected to be 5.5 billion bushels, corn prices will likely remain low in 1987/88.

Grain sorghum production in 1986/87 will likely decrease from last year's record crop, but supplies are larger than last year. Reflecting the general abundance of feed grains, sorghum prices in 1986/87 may average $1.45 to $1.70 per bushel, down from $2.15 in 1985/86.

Soybean supply in 1986/87 is also abundant even though production will likely decrease 5 percent from last year. Even so,

stocks at the end of the year are expected to increase 12 percent from 1985/86 when stocks were much larger than in 1984/85. Soybean meal supplies are expected to be up 1 percent from last year. During the 1986/87 year, soybean meal may average $140 to $165 per ton, compared to $155 in 1985/86 and $125 per ton in 1984/85.

Pasture and range feed conditions on October 1 were rated at 83, 7 points above last year and 10 points above the 1975-84 average. Forage conditions remain very favorable throughout most of the country and conditions have improved markedly in the Southeast as timely rains and cooler weather have aided pasture growth. Small grain pasture growth has also been good in all areas, although excess rain has been troublesome. This pasture should help alleviate the drought impacts in the Southeast, particularly if moisture levels are favorable this fall and winter.

May 1 stocks of hay were reported at 27.2 million short tons, up 295,000 tons, 1 percent, from last year. The October *Crop Production* report indicated area harvested in 1986 at 60.9 million acres. With a yield of 2.59 tons per acre, production is forecast at a record 158 million tons, 6 percent above 1985 and 3 percent above the August estimate. The number of roughage consuming animal units is expected to be down 3 to 4 percent from last year in 1987 so supplies of hay should be adequate.

POULTRY AND EGGS

Poultry producers have received higher prices than might be expected with the sharp increases in production, especially for turkeys. Broiler producers have received high prices because of a strong demand as new products were introduced and a slowing of production increases when hot weather resulted in some losses and slower weight gains. Declining feed costs during 1986 and high prices especially in July and August increased net returns.

Turkey

Consumers will find plentiful supplies of turkey in the fourth quarter, as production is expected to be well above last year and cold storage holdings of frozen turkey are near record large. In addition, supplies of ham are expected to be smaller than last year with higher prices and thus, less competitive with turkey for fourth-quarter consumption. However, wholesale prices have been higher this year than last as these larger stocks were built. Retail prices may still average above last year, especially for Thanksgiving although retail specialing may increase, particularly in December.

Turkeys: Estimated Net Returns

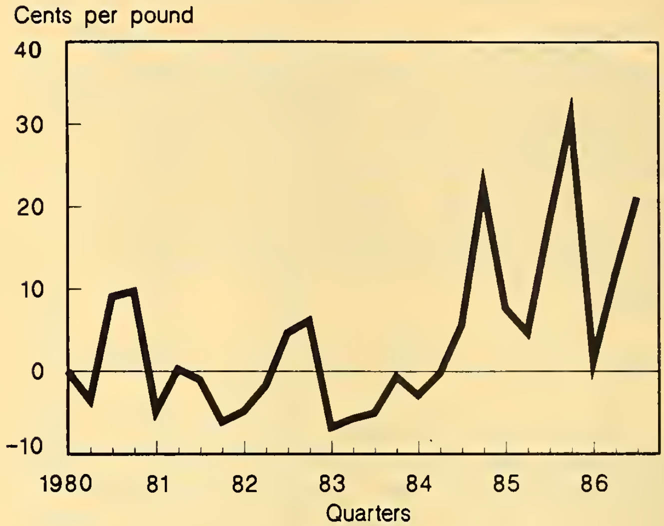


Table 2--Turkey hatchery operations, 1985-87 1/

Month	Total turkey placed 2/		Eggs in incubators first of month, changes from previous year		
	1985-86	1986-87	1984-85	1985-86	1986-87
	Thousands		Percent		
Sept.	10,661	13,622	12	20	18
Oct.	12,451		9	8	
Nov.	12,648		8	12	
Dec.	14,448		3	17	
Jan.	17,204		15	9	
Feb.	18,642		6	13	
Mar.	20,722		6	8	
Apr.	23,011		1	10	
May	24,247		4	8	
June	23,572		1	10	
July	22,286		3	13	
Aug.	16,405		20	8	

1/ Breakdown by breed not shown to avoid disclosing individual operations. 2/ Excludes exported poults.

Production Up Sharply in 1986

Estimated net returns to turkey producers selling at wholesale during fourth-quarter 1985 were 31 cents per pound. These returns probably encouraged turkey producers to expand output in 1986. Turkey poults placed for U.S. slaughter during September 1985 through August 1986 were 13 percent above the same period a year earlier. The National Agricultural Statistics Service (NASS) reported in August, that the preliminary number of turkeys to be raised in 1986 would be up 10 percent.

The preliminary estimate of turkey meat produced in federally inspected plants during the third quarter was 9 percent above last year. The increase was in the number of birds slaughtered, up nearly 12 percent. The liveweight of the birds was down 1 percent from last year. Based on poults placed that could be slaughtered in the fourth quarter, output may be up 13 percent from last year.

Table 3--Federally inspected turkey slaughter, 1985-86

Year	Number	Average weight	Live-weight pounds	Certi-fied RTC
	Million	Pounds	- Million pounds -	
1985				
I	29.7	20.47	607.4	482.1
II	40.0	19.74	789.4	628.3
III	54.0	19.86	1,072.3	854.6
IV	51.5	20.25	1,044.1	834.8
Year	175.2	20.05	3,513.2	2,799.7
1986				
I	34.2	20.40	697.5	556.1
II	45.4	19.81	898.7	717.4
III	60.2	19.66	1,183.9	933.8

Further Production Gains Expected in 1987

The demand for turkey, especially further processed products, has been strong in 1986 and is expected to remain strong in 1987. Thus, the sharp increase in production during January through September did not drive wholesale prices below wholesale costs. Estimated net returns averaged nearly 12 cents per pound. With abundant grain supplies in 1987, feed prices will likely be below 1986 and help reduce production costs. Thus, producers have an incentive to sharply expand production in 1987. The number of poults placed in September 1986, which will be

Table 4--Turkey prices and price spreads, 1985-86

Item	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Av.
						Cents per pound							
Farm price 1/													
1985	50.3	40.5	39.5	39.2	38.5	40.6	44.0	47.5	51.8	56.9	58.4	59.1	47.2
1986	35.7	36.4	36.9	38.0	40.7	46.1	49.3	50.8	51.2				
Hens, Eastern Regions 8-16 lbs 2/													
1985	74.0	65.6	67.0	64.6	62.6	68.1	72.8	78.4	82.4	90.2	93.1	86.9	75.5
1986	60.2	61.7	63.9	64.6	67.1	73.8	77.8	80.5	88.7				
U.S. average retail price													
1985	109.1	107.3	105.3	104.4	103.0	102.9	104.0	104.4	107.3	107.5	104.2	103.1	105.2
1986	106.3	107.8	104.8	104.2	103.4	102.3	105.6	109.5	111.9				
Price spreads Retail-to-consumer													
1985	25.1	32.0	29.4	31.1	31.2	27.0	23.6	20.1	17.8	10.5	4.4	7.2	21.6
1986	33.7	36.7	32.5	31.3	27.1	19.0	19.3	19.5	21.7				
						December 1977=100							
Consumer pr. index													
1985	142.4	143.2	141.6	141.6	140.5	141.5	140.3	139.2	141.8	142.0	140.6	140.1	141.2
1986	142.1	143.2	141.4	139.6	140.7	139.8	141.1	142.2	145.8				

1/ Live weight. 2/ Wholesale, ready-to-cook.

slaughtered in early 1987, was 28 percent above last year. This increase will give a big boost to slaughter early in 1987. As long as prices do not slip below costs of production, producers will likely continue the expansion throughout 1987, although the rate of increase will likely be below that indicated by September placements. Output of turkey meat during 1987 is expected to be 15 to 17 percent above the year-earlier level, a second year of double-digit expansion.

Cold Storage Stocks Climb Seasonally

Cold storage stocks of frozen turkey on October 1, were 511 million pounds, up 15 percent from last year. While large relative to the past few years, there have only been 2 years since 1960 when there were larger amounts of turkey in storage. Stocks of whole turkey were up 16 percent from last year and other turkey was up 11 percent. After the last 2 years when there was a shortage of turkey for Christmas specials, retailers have been in the market early this year and most of these stocks probably are committed for sales through grocery stores. With both production and stocks up, the supply of turkey for consumption during fourth-quarter 1986 will be substantially above last year. Increased sales of turkey during Thanksgiving and Christmas will be needed to reduce the level of stocks carried into 1987. If stocks of frozen turkey entering 1987 are near beginning 1986 levels, turkey prices are likely to hold steady in early 1987. However, if stocks do not fall as expected during the holidays and given expectations of production increases in early 1987, turkey prices could come under strong downward pressure.

Prices To Remain Strong Through Thanksgiving

Prices for commodity pack 8- to 16-pound hen turkeys in the Eastern region during the third quarter averaged 80 cents per pound, up slightly from 78 cents last year. The higher prices are the result of retailers contracting for their needs earlier this year. Prices in October slipped at mid-month and have shown little sign of increasing since the large frozen stock was reported. Prices are likely to remain near 80 cents through November when grocery stores assess their

Table 5--U.S. turkey exports to major importers April-June, 1985-1986

Country or Area	1985	1986
	1,000 Pounds	
Egypt	1,438	1,209
Japan	812	1,073
Federal Rep. of Germany	476	611
Canada	664	569
Hong Kong	577	523
Pacific Is. Trust Terr.	252	452
Western Samoa	211	411
Singapore	126	289
Mexico	400	287
Republic of South Africa	692	180
Saudi Arabia	85	159
Bahamas	98	135
Gabon	126	99
France	0	99
Leeward-Windward Is.	146	95
Other	1,177	522
Total	7,281	6,712

Table 6--Turkeys: Number raised, 1982-86 1/

States	Total all breeds				
	1982	1983	1984	1985	1986
	1,000 head				
Ark.	13,000	12,850	14,366	16,000	16,500
Calif.	20,000	20,200	19,730	20,500	22,300
Colo.	4,065	4,435	2/	2/	2/
Conn.	25	31	31	35	31
Del.	238	294	64	11	2/
Ga.	2,680	2,266	2,582	2,631	2,108
Ill.	291	208	290	213	269
Ind.	6,807	6,710	6,310	6,941	9,023
Iowa	6,700	6,710	5,800	6,300	7,000
Kans.	202	115	100	275	276
Md.	105	100	100	129	3/123
Mass.	145	160	152	156	135
Mich.	1,800	1,900	2,100	2,300	2,700
Minn.	26,000	27,000	28,500	30,400	34,500
Mo.	12,000	13,000	12,000	12,500	13,000
Nebr.	715	814	639	850	1,160
N. H.	22	26	27	28	30
N. J.	75	85	88	88	83
N. Y.	312	332	329	314	306
N. C.	27,500	29,350	30,400	31,850	38,550
N. Dak.	930	760	820	900	1,100
Ohio	2,700	2,400	2,800	2,800	3,000
Okla.	2,055	1,600	2/	2/	2/
Oreg.	1,050	810	900	1,300	1,500
Pa.	5,300	6,800	6,100	7,100	8,000
S. C.	2,616	2,159	2,194	2,850	2,500
S. Dak.	1,600	1,528	1,522	1,723	1,911
Tex.	5,200	5,400	2/	2/	2/
Utah	2,404	2,328	2,387	3,082	3,550
Va.	10,081	11,388	10,795	13,066	13,523
W. Va.	2,115	1,849	2,300	2,400	2,600
Wis.	6,731	7,115	6,120	6,150	6,050
Oth. 2/			11,700	12,400	11,400
U.S.	165,464	170,723	171,246	185,292	203,228

1/ 1985 revised. 1986 preliminary based on turkeys placed September 1, 1985 through August 31, 1986. Excludes young turkeys lost. 2/ Colo., Okla., and Tex. combined to avoid disclosing individual operations. 3/ Maryland and Delaware combined.

Thanksgiving sales. If plentiful supplies are available in retailer's stocks, wholesale prices may slip in December as retailers sell turkeys purchased earlier. Thus, prices for young hen turkeys could average 79 to 82 cents per pound, down from 90 cents in 1985.

Wholesale prices for 8- to 16-pound young hen turkeys in 1987 are expected to average slightly below 1986 as production increases.

Table 7--Estimated costs and returns, 1985-86 1/

Year	Production costs		Wholesale		Net returns
	Feed	Total	Total costs 2/	Price 3/	
Market eggs (cts/doz)					
1985					
I	28.1	46.3	66.8	63.7	-3.1
II	28.0	46.2	66.7	61.1	-5.6
III	26.9	45.1	65.6	68.9	3.3
IV	26.0	44.2	64.7	75.9	11.2
Year 4/	27.3	45.5	66.0	67.5	1.5
1986					
I	27.0	45.2	65.7	74.4	8.7
II	27.1	45.6	66.1	63.8	-2.3
III	27.4	44.6	65.1	71.2	6.1
Broilers (cts/lb)					
1985					
I	15.3	23.3	45.5	51.5	6.1
II	15.0	23.0	45.0	50.6	5.6
III	14.5	22.5	44.4	50.8	6.4
IV	13.9	21.9	43.6	50.0	6.4
Year 4/	14.7	22.7	44.6	50.7	6.1
1986					
I	14.7	22.7	44.7	50.4	5.7
II	15.0	23.0	45.0	54.2	9.2
III	15.4	23.4	45.6	69.4	23.8
Turkeys (cts/lb)					
1985					
I	22.5	36.2	61.5	69.3	7.7
II	21.8	35.5	60.7	65.4	4.7
III	21.3	35.0	60.1	78.3	18.2
IV	20.5	34.2	59.0	89.9	30.8
Year 4/	21.4	35.1	60.1	77.3	17.1
1986					
I	20.9	34.6	59.6	60.8	1.3
II	21.7	35.4	60.6	72.3	11.7
III	22.0	35.7	61.0	82.5	21.6

1/ Costs are weighted by monthly production. 2/ Based on farm cost converted to wholesale market value. 3/ Wholesale prices used are the 13-metro area egg price, 12-city weighted average broiler price, and a weighted average of 8-16 lb. young hens and 14-22 lb. toms in Central, Western, and Eastern Regions. 4/ Weighted average.

However, further processed turkey products are expected to enjoy a good demand relative to a smaller supply of red meat and higher prices and this will help support turkey prices. Also, turkey may substitute for red meat in sausage kitchen items such as franks and bologna in addition to turkey franks. With pork supplies lower in most of 1987 and smaller supplies of cows and nonfed cattle, processing meat will likely be higher priced.

Turkey Meat Disappearance Increases

Consumption of turkey per capita in 1986 is expected to average around 13.5 pounds, up about 12 percent or 1.4 pounds from 1985. The longer term annual increase is only about .2 to .3 pounds per capita.

The amount of turkey being used during the entire year is growing but the fourth quarter is still the largest consumption period. In the past few years, some 40 percent of the turkey disappearance occurred in the fourth quarter. Projected per capita disappearance of 5.5 pounds, October through December 1986, accounts for 41 percent of the annual total.

U.S. exports of whole turkeys and turkey parts during January through September totaled 17 million pounds, 6 percent below last year. Exports of turkey parts were down 9 percent to 13 million while whole turkey exports increased 5 percent. During the third quarter, exports of turkey totaled 7 million, down 8 percent from a year earlier. Egypt, the largest single importer of U.S. turkey meat in the third quarter, took 1.2 million pounds, down 16 percent from last year. The Federal Republic of Germany (FRG) which had been the largest importer of U.S. turkey meat was third in terms of pounds taken. The FRG is sharply expanding domestic turkey production. However, the U.S. dollar has weakened against the mark, encouraging continued imports of U.S. turkeys.

Broilers

Broiler production in 1986 will likely be 4 percent above last year. In spite of the increase in production, prices will likely average well above last year as demand has been strong. Also, producer returns have been positive this year.

Output To Expand in 1987

Continued strong demand for broilers and processed chicken items, especially by restaurant chains, has encouraged expanded production of broilers in 1986 and set the stage for expansion in 1987. High prices and positive returns have resulted in the announcement of at least one new broiler complex (hatchery, feed mill and growout facilities). This complex is due to be completed in 1988. In other areas, additional housing to grow broilers is being constructed that will provide for expansion in 1987.

One indication of producers' expansion plans is the number of pullet chicks entering the hatchery supply flocks. Since these pullets will not contribute to the hatching egg supply until about 7 months later, changes in the number of pullets provide an early indicator of expected future hatching egg needs. Normally these hens stay in the laying flocks until they are about 14 months of age, so a 7-to-14

Table 8--Broiler chicks hatched and pullet chicks placed in hatchery supply flocks, 1984-86

Month	Broiler-type chicks			Pullet chicks placed in broiler hatchery supply flocks: Monthly placements			Pullet chicks placed in broiler hatchery supply flocks: Cumulative placements 7-14 months earlier		
	1984	1985	1986	1984	1985	1986	1985	1986	1987
	Thousands								
January	370,487	401,666	409,419	3,202	3,471	3,395	27,277	27,483	29,039
February	356,503	364,542	375,977	2,977	3,017	3,420	27,286	27,940	29,427
March	397,674	418,842	429,634	3,451	3,603	3,675	26,771	27,374	29,523
April	394,806	411,739	423,881	4,012	3,884	4,062	26,647	27,156	29,722
May	408,825	423,991	438,465	3,520	3,672	3,938	26,733	27,321	
June	396,961	410,815	428,301	3,399	3,162	3,515	26,225	27,002	
July	393,385	407,502	429,772	3,135	3,400	3,672	25,944	26,868	
August	394,491	406,426	415,815	3,075	3,165	3,846	25,895	26,591	
September	361,887	380,138	401,554	3,078	3,253	3,594	25,513	26,849	
October	367,438	382,559		3,063	3,182		25,981	27,124	
November	356,782	379,050		2,943	3,284		26,790	28,021	
December	394,691	416,533		3,731	3,750		27,384	28,706	

Broilers: Estimated Net Returns

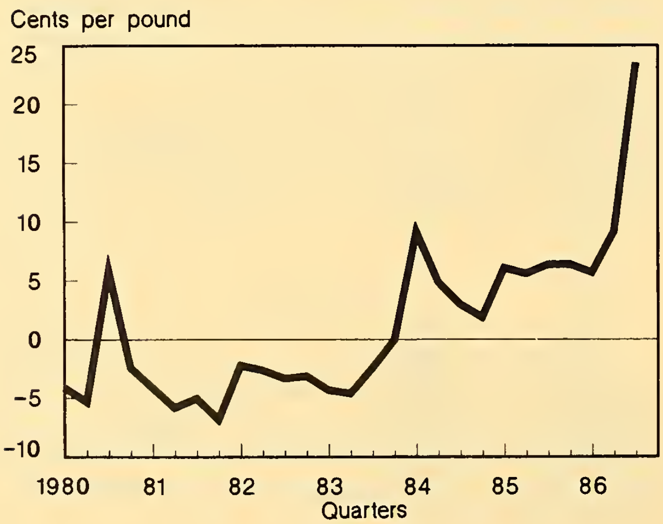


Table 9 --Federally inspected young chicken slaughter, 1985-86

Year	Number	Average weight	Live-weight pounds	Certified RTC
	Million	Pounds	Million	Pounds
1985				
I	1,056	4.21	4,440	3,229
II	1,146	4.21	4,820	3,513
III	1,153	4.14	4,771	3,484
IV	1,085	4.23	4,593	3,344
Year	4,439	4.20	18,623	13,569
1986				
I	1,099	4.30	4,722	3,414
II	1,189	4.24	5,045	3,673
III	1,188	4.17	4,958	3,599

Table 10--Broilers: Eggs set and chicks placed weekly in 12 commercial States, 1984-86 1/

Period 2/ Month and day 2/	Eggs set 1984/85	Eggs set 1985/86	Eggs set Percent of previous year	Chicks placed 1984/85	Chicks placed 1985/86	Chicks placed Percent of previous year
	--- Thousands ---		Percent	--- Thousands ---		Percent
November						
16	102,140	108,016	106	71,268	75,079	105
23	101,628	108,136	106	77,611	82,591	106
30	101,377	107,604	106	78,998	81,987	104
December						
7	99,046	105,737	107	78,778	83,507	106
14	99,304	105,940	107	77,968	82,762	106
21	102,094	105,292	103	77,902	82,975	107
28	102,712	106,446	104	76,129	81,053	106
January						
14	104,169	106,470	102	76,082	81,203	107
11	103,785	105,619	102	79,576	81,270	102
18	103,439	105,496	102	80,342	82,369	103
25	100,812	105,958	105	80,879	81,874	101
February						
1	102,421	108,887	106	80,027	81,225	101
8	104,873	109,544	104	79,803	79,993	100
15	105,571	109,260	103	77,742	80,676	104
22	105,148	109,848	104	79,227	82,979	105
March						
1	105,873	109,357	103	80,947	82,851	102
8	106,290	110,042	104	82,111	83,343	102
15	105,682	109,645	104	81,925	84,099	103
22	104,360	108,286	104	83,201	85,368	103
29	106,801	110,468	103	82,707	86,500	105
April						
5	106,662	110,118	103	82,861	85,413	103
12	106,615	110,838	104	81,563	81,563	100
19	106,177	110,220	104	83,498	85,387	102
26	105,369	108,762	103	83,670	85,404	102
May						
3	106,070	111,570	105	84,312	85,165	101
10	105,269	110,212	105	83,793	85,340	102
17	105,443	111,519	106	82,532	83,883	102
24	107,015	111,079	104	83,200	86,444	104
31	106,807	111,583	104	82,936	85,825	103
June						
7	106,854	110,931	104	82,668	86,074	104
14	106,400	111,061	104	83,225	86,420	104
21	104,289	110,981	106	82,937	85,520	103
28	99,539	105,316	106	84,294	86,063	102
July						
5	103,774	110,208	106	82,705	85,823	104
12	104,112	110,157	106	80,821	85,370	106
19	104,010	109,923	106	77,200	81,242	105
26	104,382	109,571	105	80,847	84,352	104
August						
2	103,308	109,084	106	80,892	83,900	104
9	102,538	107,259	105	80,672	82,981	103
16	102,022	106,276	104	79,759	81,273	102
23	102,797	108,351	105	80,103	80,056	100
30	101,352	108,245	107	79,493	77,812	98
September						
6	98,230	106,142	108	78,820	79,155	100
13	98,159	105,404	107	79,315	80,804	102
20	94,421	104,377	111	77,653	82,638	106
27	100,998	106,339	105	75,111	80,738	107
October						
4	101,617	109,791	108	74,593	80,795	108
11	99,787	107,942	108	71,954	79,022	110
18	91,595	101,102	110	76,912	80,803	105
25	97,589	103,448	108	77,582	83,844	108
November						
1	106,566			76,864		
8	105,826			70,497		

1/ 19 States: Ala., Ark., Calif., Del., Fla., Ga., Md., Miss., N.C., Pa., S.C., Tex., Va., W.Va., La., Mo., Tenn., Oreg., and Wash. 2/ Weeks in 1984/85 and corresponding weeks in 1983/84.

month earlier summation is used to represent the size of the laying flock. During first-quarter 1987, the cumulative pullets placed 7 to 14 months earlier will be 6 percent above a year earlier. In April 1987, the cumulative placements will be 9 percent above 1986, suggesting a strong increase in broiler production. Many producers may want to add extra capacity in their hatchery supply flocks so they could expand production if the additional output could be profitably sold. In spite of the large expansion in second-quarter 1987 suggested by these placements, broiler production in all of 1987 is expected to increase 6 to 7 percent from 1986's output.

Broiler Prices Boosted by Increased Demand

Broiler prices this year have benefited from increased demand from restaurant chains, especially those adding additional chicken items to their menus. With prospects for less red meat production in 1987, broiler prices are expected to remain relatively high by past years' standards but still below 1986's very high peak prices. The price for a composite of whole birds and whole birds without giblets in the 12-cities has been above last year since May.

In July and early August, hot weather in the Southeast caused some broiler losses and birds to grow slower. These supply-reducing factors, coupled with increased restaurant demand, boosted prices in the third quarter. The 12-city price averaged 67 cents per pound, up from 51 cents in third-quarter 1985. Prices early in the fourth quarter were unsettled, partially because of poor fertility in the hatching eggs produced during the hottest period. This reduced fertility held down slaughter during October. Prices averaged 62 cents per pound in October, up from 48 cents last year. Supplies of broilers will be up sharply in late November and December. The sharp increase will occur in the seasonally weak period for broiler prices when consumers switch to other meats, especially for the Thanksgiving-Christmas holidays. During the fourth quarter, prices are expected to average 54 to 57 cents per pound, up from 50 cents in 1985.

Broiler prices in first-quarter 1987 are expected to average 51 to 55 cents per pound compared with 50 cents in 1986. Prices will likely be higher in spite of increased production because of reduced red meat supplies. As demand for broilers increases seasonally next spring and summer, prices

Table 11--Young chicken prices and price spreads, 1985-86

Item	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Av.
						Cents per pound							
Farm price 1/													
1985	31.1	30.9	29.7	28.5	30.0	31.5	30.3	29.5	30.5	28.4	31.7	30.0	30.2
1986	30.5	29.0	30.2	29.9	30.9	34.0	42.4	45.9	37.8				
Wholesale RTC 12-city av. 2/													
1985	52.8	51.9	49.7	47.8	50.9	53.4	50.2	50.1	52.2	48.3	53.7	48.7	50.8
1986	51.7	49.0	50.3	50.0	54.6	58.3	69.1	69.7	61.0	61.6			
U.S. average retail price													
1985	77.3	77.2	76.9	76.4	74.5	76.1	75.3	75.7	76.2	74.9	77.8	77.6	76.3
1986	76.6	77.1	76.7	75.2	76.9	79.5	88.9	95.8	91.0				
Price spreads Retail-to-cons.													
1985	20.2	20.1	21.9	23.7	18.7	17.8	18.2	19.6	18.2	20.6	19.3	22.9	20.1
1986	19.5	21.8	21.0	19.2	16.3	15.5	16.4	20.0	21.6				
							1967 = 100						
Retail pr. index Wh. chickens													
1985	214.3	216.5	215.7	215.0	209.2	213.7	211.8	212.8	214.3	210.4	216.5	221.3	214.3
1986	215.3	216.5	217.3	213.0	217.5	225.2	249.9	271.2	257.3				

1/ Live weight. 2/ Beginning May 1983, 12-city composite weighted average.

likely will rise from their first-quarter levels but still average well below the 60-cent average in April through September this year.

Output Up in 1986

Output of broiler meat through federally inspected plants during the first 9 months of 1986 was 4.5 percent above a year earlier. The number of broilers slaughtered was up 3.9 percent, while average marketing weights increased 1.2 percent. Output was up 6 percent in the first quarter but slowed to 5 percent in the spring and 3 percent in the summer. The industry may have been near capacity during the spring quarter. The cumulative pullet placements 7 to 14 months earlier were only 2 percent above a year earlier but 3 percent more chicks were hatched than last year. Producers evidently kept their hens longer than 14 months and may have set more marginal quality hatching eggs than normal. The hatchability ratio--chicks hatched per eggs set--was below earlier years during the first three quarters.

Table 12--U.S. young chicken exports to major importers April-June, 1985-1986

Country or Area	1985	1986
	1,000 Pounds	
Japan	20,813	44,122
Hong Kong	22,225	15,313
Jamaica	12,458	14,526
Egypt	1,747	12,892
Singapore	12,860	10,387
Canada	7,892	8,679
Mexico	6,727	7,686
Leeward-Windward Is.	6,506	4,136
French Pacific Is.	1,333	2,710
Netherlands Antilles	2,033	2,309
Federal Rep. of Germany	859	1,301
Pacific Is. Trust Terr.	580	957
France	135	811
Bermuda	415	535
Bahamas	326	504
Other	7,721	5,034
Total	104,629	131,901

Table 13--U.S. mature chicken exports to major importers April-June, 1985-1986

Country or Area	1985	1986
	1,000 Pounds	
Canada	3,080	2,647
Mexico	1,360	1,079
Pacific Is. Trust Terr.	191	169
Bahamas	55	127
Japan	608	96
Jamaica	100	81
French Pacific Is.	150	60
Hong Kong	104	50
Leeward-Windward Is.	159	49
French West Indies	0	24
Ghana	0	22
Colombia	86	20
Bahrain	0	6
Bermuda	9	3
United Arab Emirates	4	3
Other	547	7
Total	6,451	4,444

Broiler output in the fourth quarter is expected to be up 4 percent from last year. Broiler production was up slightly in October because of reduced fertility last summer, but should be up sharply in November and December.

Consumption Follows Output Up

The consumption of young chicken meat in 1986 is expected to be about 57 pounds or 1.5 pounds more than in 1985. Since most broilers are moved through the marketing system in fresh form, increases in production are quickly reflected in increased consumption.

Exports of whole young chickens and chicken parts during January through September totaled 388 million pounds, up 26 percent, while whole chicken was up 107 percent. During the third quarter, exports were 26 percent above last year. Japan was the largest importer of U.S. young chicken, taking 44 million pounds, mostly parts. Since the implementation of the Export Enhancement Program, Egypt's imports in the third quarter have increased 638 percent from last year. Sales already made under this program will continue to be shipped through early 1987.

Eggs

Egg production in 1987 is expected to be near 1986 even though producers will have lower costs and positive net returns. As consumers demand for shell eggs continues to weaken, prices for eggs are likely to be slightly lower than in 1986. Prospects for increased breaking activity will provide some market support.

1986 Output Nearly the Same as 1985

Egg production during January through September 1986 was about the same as a year earlier. Producers added more replacement pullets to the laying flock during 1986, suggesting output might expand. However, slaughter of light-type mature chickens remained well above last year's low level. The result especially by late summer was about equal number of layers as last year but younger and more productive layers.

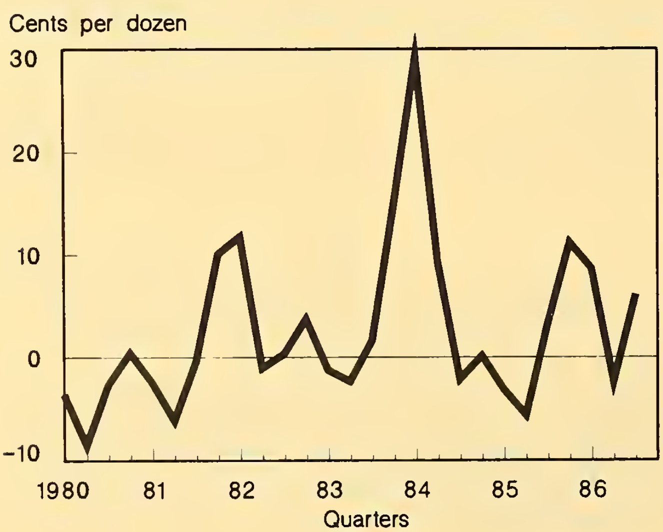
The hot weather in July lowered the rate of lay in most of the Southeastern States. A larger number of layers in most of these States kept egg production about the same as last year. The hot weather also may have reduced quality and created smaller supplies of the more desirable sizes.

Egg production during the fourth quarter is expected to be slightly above last year. The number of replacement pullets will be 6 to 10 percent above last year, but producers are selling their less productive hens. Even so, the younger flocks may boost egg production.

Output in 1987 Near 1986

The pullets added to the flocks in 1986 will still be in the flocks during much of 1987 and help boost output. Net returns are expected to be positive even if egg prices slip because of lower costs. After the 1984 expansion in egg production and resulting drop in egg prices, producers may expand more slowly. Producers in September cut back on orders for replacement pullets which will enter the laying flocks in 1987. Thus, producers in 1987 may increase production by 1 percent from 1986.

Eggs: Estimated Net Returns



Egg Prices To Decline

Prices for Grade A cartoned large eggs in New York during the third quarter averaged 73 cents per dozen, up from 68 cents last year. With additional pullets entering the flocks, producers may sell a few more eggs than last year during the fourth quarter. Seasonally, demand usually rises in the fourth quarter as more eggs are used for holiday cooking and baking. With supplies slightly above last year, egg prices during the fourth quarter are expected to average 68 to 72 cents per dozen, down from 76 cents last year.

Table 14--Layers on farms and eggs produced, 1985-86 1/

Quarters	Number of layers		Eggs per layer		Eggs produced	
	1985	1986	1985	1986	1985	1986
	- Millions -		- Number -		Million dozen	
I	284	280	60.9	60.8	1,440.2	1,420.0
II	274	277	63.1	62.6	1,442.8	1,444.8
III	271	272	62.2	62.4	1,403.8	1,415.2
IV	278		61.0		1,413.7	
Annual	277		247.0		5,700.1	

1/ Marketing year beginning December 1.

Table 15--Egg-type chick hatchery operations, 1984-1986

Month	Hatch			Eggs in incubator first of month		
	1984	1985	1986	1984	1985	1986
	- - Thousands - -			- - Percent - -		
Jan.	36,923	28,289	34,387	112	80	113
Feb.	37,451	28,419	34,745	112	76	125
Mar.	45,697	36,923	39,745	125	76	109
Apr.	47,936	40,873	42,656	127	82	106
May	49,005	38,967	42,686	131	80	105
June	46,545	33,838	37,402	128	72	106
July	37,424	32,094	33,452	125	80	110
Aug.	34,824	32,503	33,403	112	87	102
Sept.	33,113	33,568	32,512	99	97	93
Oct.	31,372	33,593		93	105	97
Nov.	30,142	33,606		99	110	
Dec.	27,098	34,615		84	123	

Table 16--Force moltings and light-type hen slaughter, 1984-86

Month	Force molted layers 1/				Light-type hens slaughtered under Federal inspection 2/		
	Being molted		Molt completed				
	1985	1986	1985	1986	1984	1985	1986
	- - - - Percent - - - -				- - - Thousands - - -		
January	2.3	3.6	17.8	25.2	10,394	18,928	13,914
February	4.6	4.8	16.6	23.5	9,751	13,674	12,358
March	3.8	4.2	15.6	24.3	11,602	13,311	14,210
April	3.0	2.8	15.6	24.0	11,684	13,819	14,761
May	5.6	5.4	14.6	22.1	13,657	12,336	13,310
June	6.0	4.4	16.0	22.8	13,932	9,079	14,684
July	5.4	5.4	19.1	21.9	12,533	9,774	11,731
August	4.4	3.9	20.3	21.4	14,307	10,204	11,700
September	4.9	3.9	21.2	20.8	11,986	9,417	11,133
October	5.8	4.7	21.6	20.2	16,277	9,499	
November	5.3		23.6		12,110	9,170	
December	3.2		24.9		13,768	13,200	

1/ Percent of hens and pullets of laying age in 15 selected States. 2/ Revisions include data from late reports or other corrections developed by the Food Safety and Inspection Service.

Prices for eggs in first-quarter 1987 may average 72 to 75 cents, down from 74 cents last year because of slightly larger supplies. For all of 1987, prices may average 65 to 71 cents, down slightly from this year.

Egg Consumption To Decline

Consumption of shell eggs and shell egg equivalent of egg products in 1986 will total about 252 eggs per person down from the 255 eggs last year. With total production about unchanged, fewer eggs were available for a rising population as exports increased and as more eggs went for hatching purposes. In the first-half 1986, per capita use of shell eggs decreased 1.7 eggs per capita and all egg consumption was down 1.9 eggs.

Imports Even, Exports Up

Imports of shell eggs and shell equivalent of egg products January through September totaled 9.8 million dozen eggs, vs. 7.8 million in 1985. Higher prices than last year especially in the first and third quarters, encouraged the importation of eggs. Canada was the largest supplier with 2.4 million eggs in January through September 1986, down from 5.0 million last year. Most of Canada's exports were egg products. The Netherlands was the second largest, with 2 million shell eggs.

Table 17--Shell eggs broken and egg products produced under Federal inspection, 1985-86

Period	Shell eggs broken	Egg products produced 1/		
		Liquid 2/	Frozen	Dried
	Thou. doz.	Thou. lbs.	Thou. lbs.	Thou. lbs.
1985				
January	68,245	47,825	27,959	7,819
February	55,546	39,713	22,863	6,320
March	58,915	44,234	23,098	6,402
April	68,952	50,521	29,233	7,075
May	80,190	59,490	31,481	10,304
June	67,540	48,366	25,988	9,986
July	74,798	52,155	28,732	9,585
August	72,067	52,290	28,103	8,259
September	67,276	49,055	25,740	7,279
October	75,820	54,576	30,661	9,983
November	61,153	44,106	26,654	7,812
December	62,106	45,032	27,981	7,810
1986				
January	67,415	50,206	28,122	6,574
February	61,356	46,368	24,252	6,556
March	59,034	45,856	23,221	5,429
April	74,396	55,105	30,434	7,760
May	74,076	58,477	27,510	8,529
June	78,479	61,323	30,830	7,724
July	78,719	59,815	31,381	7,229
August	74,041	56,353	28,228	7,102
September	72,314	55,668	27,516	6,578

1/ Includes ingredients added. 2/ Liquid egg products produced for immediate consumption and for processing.

Table 18--Egg prices and price spreads, 1985-86

Item	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Av.
							Cents per dozen						
Farm price 1/													
1985	43.2	44.5	50.5	44.9	41.9	45.6	45.3	50.5	55.5	57.2	60.3	60.2	50.0
1986	58.2	53.6	61.7	50.5	48.8	41.9	51.5	55.5	55.3				
New York (cartoned) 2/ Grade A, large													
1985	61.5	58.1	65.5	59.9	55.7	64.4	60.2	69.8	73.5	73.8	77.8	76.0	66.4
1986	73.3	68.3	80.8	65.7	65.2	59.2	73.0	72.8					
U.S. average Grade A, large Retail price													
1985	74.6	78.4	79.0	78.3	74.5	72.4	78.7	78.9	85.7	86.0	87.2	90.6	80.4
1986	90.1	86.6	88.7	89.0	82.0	79.5	83.3	91.3	86.8				
Price spreads Retail-to-consumer													
1985	12.6	17.0	10.7	15.3	17.3	8.4	15.9	7.6	11.5	11.3	10.2	14.6	12.7
1986	14.9	17.2	10.0	21.9	16.8	20.5	12.1	18.1	14.3				
							1967=100						
Consumer price index													
1985	161.3	169.7	172.1	169.9	159.9	158.3	168.4	171.0	185.7	187.4	190.8	196.7	174.3
1986	194.4	186.7	190.8	188.8	173.7	166.9	175.2	192.9	186.0				

1/ Market (table) eggs including eggs sold retail by the producer; data not available prior to 1982.
2/ Price to volume buyers.

Table 19--Total eggs: Supply and utilization by quarters, 1985-86

Year	Supply					Utilization				
									Civilian disappearance	
	Production	Imports 1/	Beginning stocks	Total supply	Ending stocks 1/	Exports and shipments 1/	Hatching use 2/	Military 1/	Total	Per capita 3/
	- - Million dozen - -									Number
1985 4/										
I	1,430.5	2.2	11.1	1,432.9	11.0	24.5	136.1	5.1	1,267.2	64.4
II	1,407.5	3.3	11.0	1,409.6	11.9	24.5	139.7	5.6	1,239.7	62.8
III	1,407.7	2.3	12.2	1,409.1	13.1	25.0	133.7	4.5	1,245.9	63.0
IV	1,441.8	4.9	13.1	1,448.7	10.7	27.0	138.6	5.0	1,278.5	64.5
Year	5,687.5	12.7	11.1	5,700.2	10.7	101.0	548.1	20.2	5,031.3	254.6
1986 4/										
I	1,421.7	3.6	10.7	1,436.0	8.7	33.4	138.5	4.6	1,250.4	62.9
II	1,418.8	4.0	8.7	1,431.5	11.9	28.2	144.6	4.2	1,242.7	62.4
III	1,413.0		11.9		11.4		140.9			

1/ Shell eggs and the approximate shell-egg equivalent of egg products. 2/ Hatching use for 1986 calculated by the new method. 3/ Calculated from unrounded data. 4/ Preliminary.

Table 20--Shell eggs: Supply and utilization by quarters, 1985-86 1/

Year	Supply: Beginning stocks	Production	Hatching use 2/	Eggs broken	Imports	Total supply	Utilization: Ending stocks	Exports and shipments	Military	Civilian disappearance: Total	Per capita 3/
	- - - - Million dozen - - - -										Number
1985 4/											
I	0.9	1,430.5	136.1	182.7	.9	1,113.5	0.7	13.9	4.4	1,094.5	55.6
II	.7	1,407.5	139.7	216.7	2.3	1,054.2	.6	15.0	5.1	1,033.5	52.4
III	.6	1,407.7	133.7	214.1	1.1	1,061.6	.7	12.9	4.0	1,044.0	52.8
IV	.7	1,441.8	138.6	199.1	4.3	1,109.1	.7	14.2	4.3	1,089.8	55.0
Year	.9	5,687.5	548.1	812.6	8.6	4,336.3	.7	56.0	17.8	4,261.8	215.7
1986 4/											
I	.7	1,421.7	138.5	187.8	3.0	1,099.0	.6	13.0	4.3	1,081.2	54.4
II	.6	1,418.8	144.6	227.0	3.3	1,051.2	1.1	12.4	3.8	1,033.9	51.9
III	1.1	1,413.0	140.9								

1/ Totals may not add because of rounding. 2/ Hatching use for 1986 calculated by the new method. 3/ Calculated from unrounded data. 4/ Preliminary.

The strong yen has made U.S. egg products attractively priced to the Japanese and has helped increase U.S. egg exports. Exports of eggs and egg products in the first three quarters of 1986 were 50 percent above 1985. Most of the exports were egg products, 75 percent of the total. During the third quarter, the shell equivalent of egg exports was 29 million dozen, up 58 percent from last year. Japan was the major importer, taking 73 percent of the total exports. Canada and Hong Kong were the next most important buyers of U.S. eggs and egg products.

Breaking Use Up

Eggs moving into breaking channels January through September totaled 640 million dozen, up 4 percent from 1985. With the demand for egg products for export above last year, breakers (those firms that produce egg products) have used more eggs than last year. Wholesale prices have been strong for egg whites during most of 1986, which also contributed to the increased use of eggs by breakers.

Comments Requested on Egg Promotion Program

A consumer information, research, and promotion program for eggs, spent fowl, and their products was announced by USDA in a recommended decision October 24. Public comments will be accepted on the proposal until December 23, 1986, and four copies may be sent to the Hearing Clerk, USDA, Room 1079, South Agriculture Building, Washington, D.C. 20250. If the final decision is to permit egg producers to vote in a referendum, at least two-thirds of them, by number or volume of eggs represented in the balloting, must favor the proposal. The program would be funded by mandatory, nonrefundable assessments levied on egg handlers. The first year's assessment would be set at one-half cent on each dozen eggs first handled. Thereafter, with the approval of the Secretary of Agriculture, one-fourth-cent annual

Table 21--U.S. egg exports to major importers April-June, 1985-1986 1/

Country or Area	1985	1986
	1,000 Dozen	
Japan	10,710	21,213
Canada	2,812	2,762
Hong Kong	1,919	1,612
Trinidad-Tobago	879	514
Jamaica	131	311
Haiti	230	309
Peru	3	306
Switzerland	79	298
United Kingdom	124	209
Federal Rep. of Germany	201	181
Suriname	185	173
Korea, Republic of	87	170
Panama (Inc. Canal Zone)	25	116
Venezuela	5	94
Pacific Is. Trust Terr.	90	70
Other	872	683
Total	18,353	29,021

1/ Shell and shell equivalent of egg products.

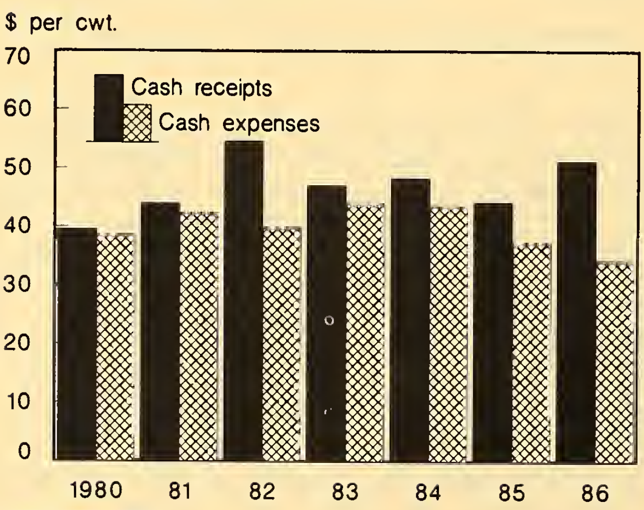
increases would be allowed up to a 1-cent maximum rate. Eggs produced by producers owning fewer than 10,000 hens would not be subject to the assessments. Also, all eggs handled in Alaska and Hawaii would be exempted from the assessments. If this order goes into effect, it would supersede the current Research and Promotion Order--authorized by the Egg Research and Consumer Information Act and funded by refundable assessments.

LIVESTOCK AND RED MEATS

Hogs

Although the hog-corn ratio and producers' returns rose sharply this summer, the September *Hogs and Pigs* report indicated that producers continued to reduce their herds and followed plans to have fewer sows farrow. However, the impact of the fall in the number of sows farrowing on recent pig crops has been moderated by the continuing trend of record high pigs per litter each quarter. As of September 1, hog producers in the 10 quarterly reporting States intended to have fewer sows farrow over the next 6 months. The September-November intentions were slightly higher than those reported in June. Profitability in hog production usually leads to an expansion in the breeding herd and a year-over-year increase in the number of sows farrowing about 2 quarters later. However, the response to potential profitability may be slower and at a lower rate than in years past because of some producers' financial difficulties and tighter lending standards.

Farrow to Finish Costs of Production



North Central region.

The September market hog inventory and farrowing intentions suggest that pork production may be below year-ago levels this fall and the first half of 1987. As a result of declining pork production, producers' returns are likely to remain relatively large due to higher hog prices and lower feed costs. But a long period of lackluster returns and continued financial pressure (especially for producers with large debt to equity ratios) will continue to hold gilt retentions lower than what might have been expected from historical relationships.

Implications for 1988

The policy change marked by the Food Security Act of 1985 and two back-to-back large corn crops have drastically lowered feed costs. At the same time, a continuing cutback in hog production has brought about a sharp rally in hog prices. As a result, producers' returns are among the highest on record and are expected to provide an incentive for expanding production. In past years, a comparable magnitude of positive returns would have triggered a double digit increase in pork production by late 1987. However, due to the prolonged earlier period of poor returns and financial problems, sharp increases in pork production are not likely to occur before late 1987 or early 1988. Even then, increases may be moderate, compared to historical standards.

The cattle inventory like the hog inventory has been declining in recent years. However, the sharp drop in grain prices should provide the incentive for continued large fed cattle marketings. But lower nonfed slaughter will reduce total beef supplies. Poultry production is already responding to increased producer returns. Although beef production will continue to decline in 1988, poultry and pork production may more than make up this difference and push total per capita meat consumption toward record levels. This would imply, though, a sharp break in hog prices in 1988. However, if feed costs remain low, many large, efficient producers may still be able to cover cash production costs. Thus, they might avoid the large losses that occurred in recent years.

Table 22--Hogs on farms December 1, farrowings and pig crops, 10 States 1/

Item	1983	1984	1985	1986	1985/84	1986/85
	------ 1,000 head ------				--- Percent change ---	
December 1						
Inventory	44,150	42,420	41,100		-3	
Breeding	5,638	5,348	5,258		-2	
Market	38,512	37,072	35,842		-3	
60-119 lb.	9,892	9,502	9,240		-3	
120-179 lb.	7,899	7,606	7,367		-3	
180 + lb.	5,913	5,733	5,594		-2	
March 1						
Inventory	42,250	40,070	39,680	38,600	-1	-3
Breeding	6,011	5,446	5,220	4,988	-4	-4
Market	36,239	34,624	34,460	33,612	-1	2
Under 60 lb	13,822	12,437	12,701	12,663	+2	0
60-119 lb	9,048	8,561	8,427	8,013	-2	5
120-179 lb	7,759	7,769	7,580	7,276	-2	4
180 + lb	5,610	5,857	5,752	5,660	-2	-2
June 1						
Inventory	45,645	41,915	41,650	38,045	-1	-9
Breeding	6,263	5,771	5,397	4,840	-6	-10
Market	39,382	36,144	36,253	33,205	0	-8
Under 60 lb	17,509	15,437	15,168	13,785	-2	-9
60-119 lb	9,481	9,187	9,100	8,360	-1	-8
120-179 lb	6,929	6,361	6,545	6,245	+3	-5
180 + lb	5,463	5,159	5,440	4,815	+5	-12
September 1						
Inventory	46,030	43,180	41,820	39,585	-3	-5
Breeding	5,839	5,580	5,377	4,840	-4	-10
Market	40,191	37,630	36,443	34,745	3	-5
Under 60 lb	15,877	14,957	14,630	13,480	-2	-8
60-119 lb	10,195	9,209	8,820	8,645	-4	-2
120-179 lb	8,305	7,835	7,406	7,150	-6	-4
180 + lb	5,814	5,629	5,587	5,470	-1	-2
Sows farrowing						
December-February	2,154	1,964	1,955	1,940	0	-1
March-May	2,782	2,481	2,420	2,161	-2	-11
December-May	4,936	4,445	4,375	4,101	-2	-6
June-August	2,422	2,259	2,191	2,034	-3	-7
September-November	2,377	2,316	2,265	3/2,060	-2	-9
June-November	4,799	4,575	4,456	3/4,094	-3	-8
Pig crops						
December 2/-February	16,040	14,288	14,690	14,880	+3	+1
March-May	21,194	18,814	18,762	16,878	0	-10
December 2/-May	37,234	33,102	33,452	31,758	+1	-5
June-August	17,836	17,158	16,941	15,853	-1	-6
September-November	17,663	17,420	17,255		-1	
June-November	35,499	34,578	34,196		-1	
		Number				
Pigs per litter						
December 2/-February	7.45	7.27	7.51	7.67	+3	+2
March-May	7.62	7.58	7.75	7.81	+2	0
December 2/-May	7.54	7.45	7.65	7.74	+3	+1
June-August	7.36	7.60	7.73	7.79	+2	+1
September-November	7.43	7.52	7.62		+1	
June-November	7.40	7.56	7.67		+1	

1/ Georgia, Illinois, Indiana, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Carolina, Ohio.
2/ December preceding year. 3/ Intentions.

Table 23--Sow slaughter balance sheet, 10 States

Item	1983	1984	1985	1986
	Million head			
December 1 breeding 1/	5.7	5.6	5.3	5.3
December-February				
Comm. sow slaughter 2/	.7	.8	.8	.8
Gilts added	1.0	.6	.7	.5
March 1 breeding	6.0	5.4	5.2	5.0
March-May				
Comm. sow slaughter 2/	.7	.7	.7	.6
Gilts added	1.0	1.1	.9	.4
June 1 breeding	6.3	5.8	5.4	4.8
June-August				
Comm. sow slaughter 2/	1.0	.9	.8	.7
Gilts added	.5	.7	.8	.7
September 1 breeding	5.8	5.6	5.4	4.8
September-November				
Comm. sow slaughter	1.0	.9	.8	
Gilts added	.8	.6	.7	

1/ December previous year. 2/ 75 percent of estimated U.S. commercial sow slaughter.

Table 24--Summer pig crop and hog slaughter, 1970-86

Year	Pig crop June-Aug.	Commercial hog slaughter Jan.-Mar. 1/	Slaughter as percent of pig crop
	- - 1,000 head - -		Percent
1970	24,142	24,256	96.5
1971	23,260	22,260	95.7
1972	21,838	20,225	92.6
1973	21,209	20,150	95.0
1974	20,273	18,760	92.5
1975	18,022	17,432	96.7
1976	21,656	19,770	91.3
1977	22,239	19,404	87.3
1978	22,937	20,040	87.4
1979	26,915	24,236	90.0
1980	24,417	23,678	97.0
1981	23,548	21,714	92.2
1982	21,383	20,212	94.5
1983	23,361	21,806	93.3
1984	22,346	20,871	93.4
1985	22,005	20,346	92.5
1986	15,853		

1/ January-March of the following year.

Inventory Down 5 Percent

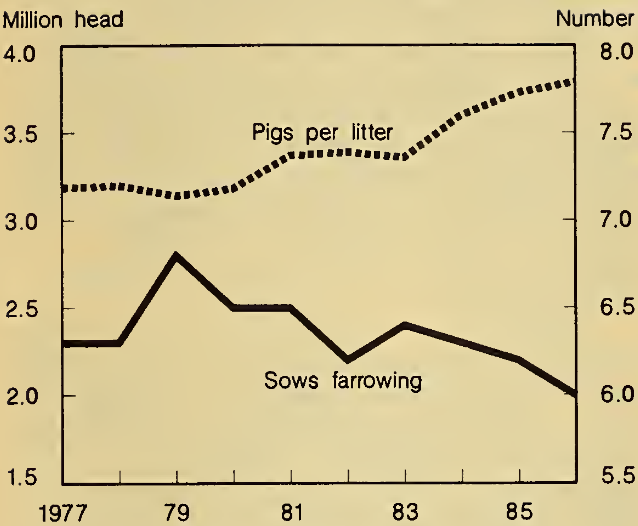
The September 1 inventory of all hogs and pigs in the 10 quarterly reporting States totaled 39.6 million head, 5 percent below last year and the lowest September 1 inventory since 1975. The breeding inventory at 4.84 million head was 10 percent below last year and the lowest September breeding inventory since 1973, when estimates for these comparable 10 States became available.

The market hog inventory totaled 34.7 million head, 5 percent below last year and the lowest since 1975. The June-August pig crop was 15.9 million head, 6 percent below a year ago and the lowest June-August pig crop since 1975. Sows farrowing during June-August totaled 2.03 million head, 7 percent below last year. In March, producers indicated intentions of having about the same number of sows farrow in June-August as a year ago, but by June reduced their intentions to 8 percent fewer. The breeding season for sows farrowing during June-August was February-April. From the first week in February to the first week of April, hog prices declined about $5 per cwt probably discouraging producers from breeding more sows and gilts. During most of the breeding season, cash receipts were below cash expenses and replacement costs. Pigs per litter averaged 7.79, compared with 7.73 in the comparable period last year. The 7.79 pigs per litter was a record high and continued the trend of a gradual increase. Pig per litter have shown a year-over-year increase for nine consecutive quarters. Most of the increase is due to genetics and better management practices.

Farrowings To Remain Down Sharply

As of September 1, producers indicated intentions of having 2.06 million sows farrow during September-November, 9 percent below the comparable period in 1985. If these intentions are realized, farrowings would be the lowest for this period since 1975. The low number of sows farrowing was due to the 1974 herd liquidation because of sharply higher grain prices. Moreover, farrowing intentions for December 1986-February 1987 are even lower, at 1.83 million head, 6 percent below a year ago. Recent higher producer returns raise the question of whether these intentions will be realized or whether actual farrowings will be higher? The most recent experience with high returns was in 1982. In September 1982, producers in the 10 quarterly reporting States indicated intentions to have 4 percent fewer sows farrow in December 1982-February 1983. However, the number of sows actually farrowing increased 6 percent

Sows Farrowing and Litter Rates



from December 1981–February 1982. One factor that is different today is that financial problems for many of these producers have increased substantially since that period. This could hamper producers' ability to expand despite their improved returns.

Fourth-Quarter Production To Drop

The March–May pig crop and the September 1 inventory of market hogs weighing 60–179 pounds are indicators of October–December hog slaughter. This year, these two indicators suggest different levels of slaughter. Fourth-quarter slaughter is projected to be about 20.5 million head, down 5 to 7 percent from a year ago. If realized, this slaughter would be around 130 percent of the 10-States market hog inventory. During 1981–85, fourth-quarter commercial slaughter as a percentage of the market hog inventory averaged 131 percent. However, the relationship between fourth-quarter commercial slaughter and the March–May pig crop would suggest an even sharper year-over-year decline. If realized, the slaughter forecast would be about 121 percent of the 10-States pig crop, compared to a 1981–85 average of 116 percent. Thus, the slaughter forecast is between that suggested by the September 1 market hog inventory and the March–May pig crop. Based on September 1 farrowing intentions, the December 1 10-States breeding inventory would need to increase about 110,000 head above the September 1 level. However, due to relatively cheap corn and relatively high hog prices,

Table 25--Federally inspected hog slaughter

Week ended	1984	1985	1986
	Thousands		
Jan. 1 1/	1,350	1,238	1,153
7	1,418	1,295	1,250
14	1,708	1,679	1,635
21	1,625	1,615	1,654
28	1,577	1,528	1,563
Feb. 5	1,543	1,565	1,506
12	1,571	1,582	1,526
19	1,578	1,508	1,512
26	1,579	1,539	1,501
Mar. 5	1,656	1,608	1,606
12	1,791	1,635	1,635
19	1,691	1,638	1,650
26	1,681	1,647	1,556
Apr. 2	1,695	1,642	1,579
9	1,695	1,569	1,518
16	1,728	1,623	1,633
23	1,642	1,676	1,651
30	1,588	1,662	1,637
May. 7	1,635	1,702	1,619
14	1,664	1,699	1,606
21	1,579	1,705	1,560
28	1,578	1,580	1,518
June 4	1,367	1,361	1,307
11	1,591	1,592	1,471
18	1,541	1,561	1,459
25	1,431	1,535	1,373
July 2	1,438	1,476	1,329
9	1,105	1,171	1,118
16	1,445	1,523	1,390
23	1,378	1,427	1,345
30	1,305	1,400	1,280
Aug. 6	1,382	1,474	1,312
13	1,406	1,556	1,338
20	1,409	1,524	1,367
27	1,479	1,531	1,385
Sept. 3	1,502	1,601	1,419
10	1,396	1,429	1,257
17	1,657	1,690	1,492
24	1,679	1,667	1,504
Oct. 1	1,679	1,681	1,503
8	1,699	1,644	1,515
15	1,701	1,686	
22	1,754	1,620	
29	1,736	1,654	
Nov. 5	1,754	1,668	
12	1,742	1,654	
19	1,681	1,654	
26	1,446	1,697	
30	1,812	1,328	
Dec. 3	1,792	1,656	
10	1,692	1,566	
17	1,687	1,655	
24	1,238	1,153	

1/ Corresponding dates-1984: December 31, 1983; 1985: December 29, 1984.

producers may increase the breeding herd even more. The average dressed weight is expected to be near last year's 176 pounds. Commercial pork production in the fourth quarter is expected to total about 3,600 million pounds, down 6 percent from a year ago.

First-Half Pork Production To Decline Moderately

Hog slaughter in both the first and second quarters of 1987 is projected 5 to 7 percent below a year earlier. Relatively cheap feed may encourage producers to feed barrows and gilts to heavier weights. Because of the tighter supply of slaughter hogs and genetic improvement, packers are not expected to discount them. The September 1 inventory of market hogs weighing under 60 pounds, from which first-quarter slaughter is primarily drawn, was down 8 percent. The June-August pig crop, which is normally slaughtered in the first quarter, was down 6 percent from a year ago. The 5-year slaughter market hog inventory relationship indicates that commercial hog slaughter averages 137 percent of the 10-States market hog inventory. If the projected slaughter does occur, it would be 142 percent of the market hog inventory. However, the projected slaughter as a percentage of the pig crop is 121 percent, the same as the average of the last 5 years. Over the last several years, the pig crop has been a more stable indicator of slaughter than the market hog inventory. The average dressed weight may be about the same as a year ago. Thus, commercial pork production may total about 3,350 million pounds in the first quarter, down 6 percent from last year.

Commercial pork production in the second quarter may also total about 3,350 million pounds, down 6 percent from last year. Based on producers' September 1 farrowing intentions and a continued rise in pigs per litter, the September-November pig crop is estimated to be down about 7 percent. In 1986, the commercial slaughter as a percentage of the pig crop dropped slightly below the 5-year average of 120 percent of the 10-States. In 1987, commercial slaughter as a percentage of the pig crop is expected to be about the same as the historical relationship. The June 1 10-States breeding inventory accounted for a smaller proportion

Table 26--Commercial hog slaughter 1/ and production

Year	Barrows and gilts	Sows	Boars	Total 2/	Average dressed weight	Commercial production 2/
	- - - 1,000 head - - -				Pound	Million pound
1983:						
I	19,141	852	219	20,212	172	3,483
II	20,267	1,053	246	21,666	174	3,771
III	19,648	1,450	274	21,372	171	3,657
IV	22,808	1,291	235	24,334	173	4,206
Year	81,864	4,646	974	87,584	173	15,117
1984:						
I	20,548	1,024	234	21,806	171	3,738
II	19,885	989	249	21,123	174	3,670
III	18,072	1,184	240	19,496	172	3,355
IV	21,310	1,197	236	22,743	174	3,957
Year	79,815	4,394	959	85,168	173	14,720
1985:						
I	19,726	927	217	20,871	173	3,618
II	20,171	947	225	21,343	175	3,743
III	19,260	1,075	222	20,556	173	3,553
IV	20,445	1,065	211	21,721	176	3,814
Year	79,602	4,015	875	84,491	174	14,728
1986: 3/						
I	19,240	920	187	20,347	175	3,565
II	19,221	896	196	20,313	176	3,567
III	17,364	999	210	18,573	174	3,237

1/ Classes estimated. 2/ Totals may not add due to rounding. 3/ Preliminary.

of the national breeding inventory in 1986 than in 1985. The number of sows farrowing nationally is not expected to drop as sharply as in the 10-States. Thus, a smaller drop is expected in the U.S. pig crop than in the 10-States. The projected slaughter, if realized, would be about 95 percent of the U.S. pig crop, the same as last year and the 1981-85 average. The dressed weight may average about the same as 1986's 176 pounds.

Based on September 1 intentions and a slight rise in pigs per litter, the December 1986-February 1987 pig crop is projected to be about 5 percent below the comparable period in 1985-86. Commercial slaughter in third-quarter 1987 is projected at about 19 million head. The projected slaughter is 135 percent of the estimated 10 States December 1986-February 1987 pig crop. In 1986, third quarter slaughter was 125 percent of December 1985-February 1986 pig crop, which was the lowest rate since 1973. During 1981-85 slaughter averaged 135 percent of the pig crop. The average weight is expected to be about the same as this year's 174 pounds. Thus, commercial production is expected to total about 3,300 million pounds in third-quarter 1987, up 2 percent from 1986.

The very high producer returns since mid-1986 and the outlook for relatively high returns continuing through most of 1987 should encourage producers to begin expanding output over the next several quarters. The March-May 1987 pig crop is expected to increase about 5 percent from 1986. In turn, the fourth-quarter 1987 slaughter is projected 4 to 6 percent higher than expected in fourth-quarter 1986. With the average dressed weight expected to be about the same in 1987 as in 1986, commercial pork production would be about 3,775 million pounds, up 5 percent from the 1986 levels.

Hog Prices To Continue High

Barrow and gilt prices at the 7 major markets averaged $61 per cwt in the third quarter compared with $44 a year ago and the highest since 1982. The high prices were due to a sharp drop in pork production, low pork stocks, and only a slight increase in beef supplies. In addition, government purchases of red meats for export and domestic feeding programs required by the Food Security Act of 1985 contributed to higher prices. A modest increase in per capita income also helped.

Lower year-over-year pork and nonfed beef production will help strengthen hog prices in fourth quarter 1986 and first half 1987. Nonfed beef competes with pork in the processed meat market. Low stocks of pork in cold storage will also help strengthen prices. On the other hand, high poultry production will continue to pressure hog prices and consumers' income is expected to continue in a lackluster growth pattern. For these reasons, hog prices are expected to average in the low to mid-$50's in the fourth quarter and the mid-to-high $50's per cwt in the first and second quarters of 1987.

In second half 1987, hog prices are expected to be below 1986 levels as pork production increases slightly on a year-over-year basis. Nonfed beef production is expected to continue to be below year-earlier levels. Poultry production increases will continue to pressure hog prices. Cold storage stocks of pork are expected to continue to be relatively low, supporting hog prices. Hog prices are expected to average in the mid- to high $50's in third quarter 1987. In the fourth quarter, prices are expected to drop into the high-$40's to low-$50's as the projected 5 percent larger March-May pig crop goes to market.

Pork Imports To Increase Slightly in 1987

Pork imports totaled 807 million pounds, carcass weight, during January-September, down 7 percent from a year ago. Imports from Canada, the largest exporter to U.S. rose 51 million pounds, 16 percent over a year ago. Imports from Denmark, the second largest exporter to the U.S. declined 84 million pounds, down 25 percent from a year ago. The Canadian dollar has been slightly weaker against the U.S. dollar this year compared to last year. As the Canadian dollar weakens, U.S. pork prices are higher in Canadian dollars. Meanwhile, the Danish krone strengthened and the European Community had reduced its export subsidies during the first half of 1986. However, the European Community recently reversed its policy and increased its export subsidies. For all of 1986, imports of pork products are expected to total

about 1,080 million pounds, down 4 percent from 1985. Imports of pork products are expected to rise about 2 percent in 1987 as the U.S. market remains relatively favorable for the major exporters. Increased European Community subsidies are expected to raise Danish exports and Canada is expected to continue relatively high exports to the United States.

The number of live hogs imported from Canada during January-September totaled 418,137 head, down 61 percent from a year ago. Countervailing duties of Can$4.386 have slowed Canadian exports of live hogs to the United States for all of 1986. Live hogs imported from Canada may total about 500,000 head, less than one half of the number imported in 1985. In 1987, the number of hogs imported from Canada is expected to decline further.

U.S. pork exports totaled 58 million pounds during January-September, down 40 percent from a year ago. The decline is largely due to reduced shipments to Mexico. Continuing financial difficulties of Mexico are responsible for the greatly reduced marketings. Exports for the year may total 90 million pounds, down 30 percent from 1985.

Pork Prices Rise Sharply in Second-Half 1986, Will Continue High in 1987

Retail pork prices in third quarter 1986 averaged $1.89 a pound, up 17 percent from a

Table 27—Corn Belt hog feeding: Selected costs at current rates 1/

Purchased during: Marketed during:	Nov. '85 Mar.	Dec. Apr.	Jan. '86 May	Feb. June	Mar. July	Apr. Aug.	May Sept.	June Oct.	July Nov.	Aug. Dec.	Sept. Jan. '87
EXPENSES: ($/head)											
40-lb feeder pig	31.67	28.65	30.96	37.26	41.33	37.98	39.97	41.92	50.76	56.64	59.63
Corn (11 bu)	24.09	24.53	25.08	25.08	25.08	25.08	26.18	25.63	21.67	17.82	15.18
Protein supplement (130 lb)	16.51	24.70	16.90	16.71	16.90	16.90	16.90	17.16	17.16	17.16	17.16
Total feed	40.60	49.23	41.98	41.79	41.98	41.98	43.08	42.79	38.83	34.98	32.34
Labor & management (1.3 hr) 2/	10.83	10.83	10.83	10.83	10.83	10.83	10.83	10.83	10.83	10.83	10.83
Vet medicine 2/	2.66	2.64	2.66	2.65	2.65	2.63	2.63	2.63	2.63	2.63	2.63
Interest on purchase (4 months)	1.35	1.22	1.31	1.58	1.75	1.57	1.65	1.73	2.00	2.23	2.35
Power, equip., fuel, shel depreciation 2/	6.46	6.43	6.46	6.45	6.45	6.38	6.38	6.38	6.39	6.39	6.39
Death loss (4% of purchas	1.27	1.15	1.24	1.49	1.65	1.52	1.60	1.68	2.03	2.27	2.39
Transportation (100 miles)	.48	.48	.48	.48	.48	.48	.48	.48	.48	.48	.48
Marketing expenses	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14
Miscell. & indirect costs	.66	.66	.66	.66	.66	.66	.66	.66	.66	.66	.66
Total	97.11	102.43	97.71	104.32	108.93	105.17	108.42	110.24	115.74	118.24	118.83
SELLING PRICE REQUIRED TO COVER: ($/cwt)											
Feed and feeder costs (220 lb)	32.85	35.40	33.15	35.93	37.87	36.35	37.75	38.50	40.72	41.65	41.80
All costs (220 lb) $/cwt	44.14	46.56	44.42	47.42	49.51	47.80	49.28	50.11	52.61	53.74	54.01
Feed cost per 100-lb gain (180 lb)	22.56	27.35	23.32	23.21	23.32	23.32	23.93	23.77	21.57	19.43	17.97
Barrows and gilts 7 marke $/cwt	40.88	40.27	46.91	54.50	60.99	63.39	59.01				
Net margin $/cwt	-3.26	-6.29	2.49	7.08	11.48	15.59	9.73				
PRICES:											
40-lb feeder pig (So. Missouri) $/head	31.67	28.65	30.96	37.26	41.33	37.98	39.97	41.92	50.76	56.64	59.63
Corn $/bu 3/	2.19	2.23	2.28	2.28	2.28	2.28	2.38	2.33	1.97	1.62	1.38
Protein supp. (38-42%) $/cwt 4/	12.70	19.00	13.00	12.85	13.00	13.00	13.00	13.20	13.20	13.20	13.20
Labor & management $/hr 5	8.33	8.33	8.33	8.33	8.33	8.33	8.33	8.33	8.33	8.33	8.33
Interest rate (annual)	12.79	12.79	12.70	12.70	12.70	12.40	12.40	12.40	11.80	11.80	11.80
Transportation rate $/cwt (100 miles) 6/	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22
Marketing expenses $/cwt	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14
Index of prices paid by farmers (1910-14=100)	1121.00	1116.00	1121.00	1119.00	1120.00	1108.00	1108.00	1108.00	1109.00	1109.00	1109.00

1/ Although a majority of hog feeding operations in the Corn Belt are from farrow to finish, relative fattening expenses will be similar. Costs represent only what expenses would be if all selected items were paid for during the period indicated. The feed rations and expense items do not necessarily coincide with the experience of individual feeders. For individual use, adjust expenses and prices for management, production level, and locality of operation. Revisions have been made per annual Agricultural Prices. 2/ Adjusted monthly by the index of prices paid by farmers for commodities, services, interest, taxes, and wage rates. 3/ Average price received by farmers in Iowa and Illinois. 4/ Average prices paid by farmers in Iowa and Illinois. 5/ Assumes an owner-operator receiving twice the farm labor rate. 6/ Converted from cents/mile for a 44,000-pound haul. 7/ Yardage plus commission fees at a Midwest terminal market. *Preliminary.

Table 28--Feeder pig prices consistent with break-even, given corn and market hog prices 1/

Corn (farm price)	Barrow and gilts, $/cwt 40	45	50	55	60	65
$/bu	Feeder pigs, $ per head					
1.25	30	41	52	63	74	85
1.50	27	38	49	60	71	82
1.75	25	36	47	58	69	80
2.00	22	33	44	55	66	77
2.75	19	30	41	52	63	74

1/ Assuming protein and other costs at September 1986 levels.

year ago and up 15 percent from the second quarter. Prices are expected to average $1.80 to $1.90 a pound in the fourth quarter as attention turns to ham. Lower hog slaughter and fewer hams in cold storage will contribute to higher retail prices. However, larger supplies of turkeys may temper these price increases if consumers decide to purchase poultry. In addition, retail prices in September averaged $1.94 a pound, the highest monthly average since records were established. For all of 1986, retail prices may average about $1.77 a pound. In 1987, retail prices are expected to average about 3 to 5 percent higher as red meat supplies decline further.

Farm-to-retail spreads averaged 99 cents a pound in September, up 3 cents from a year ago. For all of 1986, the spread may average about 94 cents a pound, up 3 cents from 1985. The farm-to-retail spread has ranged from a dollar to 77 cents per pound in 1986. The farm-to-retail price spread is expected to average 3 to 5 percent higher in 1987 than in 1986.

Frozen Pork Stocks Lowest since 1982

Frozen pork totaled 186 million pounds on September 30, 1986, down 33 percent from a year ago and the lowest for this date since 1982. The low pork stocks are due to relatively high pork prices and anticipation of increasing pork production in the coming quarters, which would lower pork prices. So, there is little incentive to store pork. Frozen belly stocks totaled 13 million pounds, down 36 percent from a year ago. Hams in cold storage were down 45 percent from a year ago. However, ham stocks in 1985 were at a record high level. Ham stocks normally move out of storage during the fall, the peak demand time of year.

Sheep and Lambs

Although lamb prices have reached record levels in 1986, prices have been quite volatile. With relatively high lamb prices and low feed costs, sheep producers' returns are higher. High returns usually cause producers to expand their flocks. During January-September, mature sheep slaughter as a percentage of total slaughter was 5.8 percent, compared with 6.9 percent a year ago. In recent years, when mature sheep slaughter drops below 7 percent the stock sheep inventory begins to stabilize or possibly expand. Total commercial lamb and sheep slaughter in January-September fell 8 percent from a year

Table 29--Commercial sheep and lamb slaughter 1/ and production

Year	Lambs and year-lings	Mature sheep	Total 2/	Average dressed weight	Commer-cial produc-tion 2/
	- - 1,000 head		- -	Pound	Mil lb
1982:					
I	1,521	81	1,602	56	90
II	1,406	131	1,537	55	85
III	1,500	128	1,628	54	88
IV	1,555	127	1,681	55	93
Year	5,982	467	6,449	55	356
1983:					
I	1,533	91	1,624	57	93
II	1,441	135	1,576	56	89
III	1,597	142	1,739	54	94
IV	1,555	125	1,680	54	91
Year	6,126	493	6,619	55	367
1984:					
I	1,611	104	1,715	57	98
II	1,544	162	1,706	54	92
III	1,513	146	1,659	53	88
IV	1,559	119	1,678	55	93
Year	6,227	531	6,758	55	371
1985:					
I	1,539	90	1,629	57	93
II	1,363	118	1,481	56	83
III	1,403	114	1,417	60	85
IV	1,460	92	1,551	59	91
Year	5,765	414	6,078	228	352
1986:					
I	1,438	72	1,510	59	89
II	1,246	97	1,342	58	78
III	1,322	80	1,402	57	80

1/ Class estimated. 2/ May not add due to rounding. 3/ Preliminary.

Table 30--Colorado lamb feeding: Selected costs at current rates 1/

Purchased during: / Marketed during:	Sept. '85 / Nov.	Oct. / Dec.	Nov. / Jan. '86	Dec. / Feb.	Jan. '86 / Mar.	Feb. / Apr.	Mar. / May	Apr. / June	May / July	June / Aug.	July / Sept.	Aug. / Oct.	Sept. / Nov.
EXPENSES: ($/head)													
Feeder lamb (83 lbs)	59.21	55.88	58.39	58.73	58.18	60.99	61.42	66.38	60.88	64.24	62.21	61.86	57.69
Corn (3.0 bushels)	7.65	6.75	6.87	7.20	7.32	7.38	7.35	7.32	7.80	7.56	6.81	5.31	5.13
Hay pellets (64 lbs)	2.37	2.45	2.62	2.70	2.74	2.75	2.75	2.75	2.70	2.62	2.42	2.51	2.59
Protein supplement	.18	.18	.18	.19	.20	.20	.21	.20	.20	.21	.21	.22	.22
Feed additives 2/	2.00	2.00	2.00	2.00	2.00	2.00	1.98	1.97	1.97	1.97	1.97	1.97	1.97
Total feed costs	12.20	11.38	11.68	12.09	12.25	12.33	12.30	12.24	12.68	12.36	11.42	10.01	9.91
Labor	.61	.61	.59	.59	.59	.59	.59	.65	.65	.65	.65	.65	.65
Dealth loss	1.36	1.29	1.34	1.35	1.34	1.40	1.41	1.38	1.40	1.48	1.43	1.42	1.33
Vet. and medicine 3/	.37	.37	.36	.36	.36	.36	.36	.38	.38	.38	.39	.39	.39
Miscellaneous and indirect costs 4/	.78	.78	.78	.78	.78	.78	.78	.77	.77	.77	.77	.77	.77
Machine hire 5/	1.60	1.60	1.58	1.58	1.58	1.57	1.57	1.62	1.61	1.61	1.62	1.62	1.62
Interest on operating capital	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45
Total	76.21	72.06	74.83	75.58	75.20	78.07	78.47	76.94	78.42	81.46	78.51	76.75	72.48
SELLING PRICE REQUIRED TO COVER:													
Feed and feeder ($/cwt) costs (121 lbs)	59.02	55.59	57.91	58.53	58.21	60.59	60.92	59.56	60.79	63.30	60.85	59.40	55.86
All costs (121 lbs)	62.99	59.55	61.84	62.46	62.15	64.52	64.85	63.59	64.81	67.32	64.88	63.43	59.90
Feed costs per 100-lb gain	32.10	29.96	30.73	31.81	32.25	32.45	32.36	32.22	33.36	32.51	30.04	26.34	26.07
Choice slaughter lambs, So. St. Paul	64.11	60.10	62.70	70.40	66.60	70.70	78.72	72.20	71.13	65.53	60.43		
Net margin	1.12	.55	.86	7.94	4.25	6.18	13.87	8.61	6.32	-1.79	-4.45		
PRICES:													
Feeder lamb, choice $/cwt St. Paul	71.34	67.32	70.35	70.76	70.10	73.48	74.00	72.08	73.35	77.40	74.95	74.53	69.50
Corn $/bu	2.55	2.25	2.29	2.40	2.44	2.46	2.45	2.44	2.60	2.52	1.77	1.77	1.71
Alfalfa pellets $/ton	74.00	76.60	82.00	84.40	85.50	86.00	86.00	86.00	84.50	81.90	75.75	78.50	81.00
Soybean meal 44% $/ton solvent	141.70	143.60	142.20	147.30	154.80	154.90	164.80	159.60	158.50	161.00	166.80	171.10	168.80
Interest rate, annual 6/	13.22	13.12	13.12	13.12	12.73	12.73	12.73	12.38	12.38	12.38	12.38	12.38	12.38
Farm labor 1977=100	154	150	150	150	150	150	150	164	164	164	166	166	166
Index of prices paid by farmers (1977=100)	162	162	163	162	163	163	163	161	161	161	161	161	161
Ag chemicals 1977=100	128	128	128	128	128	128	127	126	126	126	126	126	126
Tractor and self-propelled equip. 1977=100	174	174	174	174	174	174	174	175	175	175	175	175	175
Other machinery 1977=100	184	184	184	184	184	184	184	184	184	184	184	184	184
Fuels and energy 1977-=100	203	202	206	206	203	188	188	160	155	155	155	155	155

1/ Costs represent only what expenses would be if all selected items were paid for during the period indicated. The feed rations and expenses items do not necessarily coincide with the experience of individual feeders. For individual use, adjust expenses and prices for management, production levels, and locality of operation. 2/ Adjusted by prices paid by farmers for agricultural chemicals. 3/ Adjusted by prices paid by farmer for agricultural chemicals (30 percent) and farmer labor (70 percent). 4/ Adjusted by the prices paid by farmers for commodities, services, interest taxes, and wage rates. 5/ Adjusted by prices paid for tractor and self-propelled equipment (40 percent) other machinery (1 percent) labor (50 percent) and fuels and energy (3 percent). 6/ Average interest rate on agricultural operating loans in the 10th Federal Reserve District as reported by the Kansas City Federal Reserve Bank.

ago. The January 1, 1986 inventory of all sheep and lambs was down 5 percent.

Based on the number of ewes 1 year and older on January 1 and a lambing rate near 1985's 102 lambs per 100 ewes, 1 year and older, the lamb crop would be about 6.9 million head. Total commercial slaughter is projected at about 5.7 million head. If live animal exports remain low and death rate is about the same as in 1985, the inventory of all sheep and lambs may decline 2 to 4 percent.

Commercial lamb and mutton production in the third quarter was 80 million pounds, down 6 percent from a year ago. Fourth-quarter production is projected at 82 million pounds down 10 percent. For all of 1986, production is expected to total 329 million pounds, down 7 percent from a year ago. Production in 1987 is projected at 320 million pounds, down 3 percent from 1986.

Lamb prices at San Angelo averaged $69 per cwt this summer, compared with $71 last summer and $77 this spring. Prices are normally the highest in the spring then decline in the summer and fall. In the fourth quarter, lamb prices are expected to average $60 to $63 per cwt. For all of 1986, prices may average $68-$69 per cwt, about the same as last year. In 1987, lamb prices are expected to average $66 to $72 per cwt, depending upon the level of lamb imports and heavy weight lamb discounting.

Table 31--Federally inspected cattle slaughter

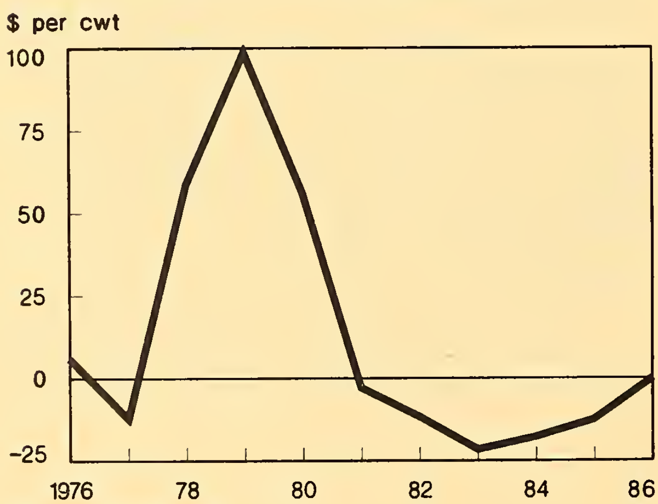
Week ended	Cattle			Steers			Cows								
							Total			Dairy			Dairy as percent of total		
	1984	1985	1986	1984	1985	1986	1984	1985	1986	1984	1985	1986	1984	1985	1986
	------ Thousands ------												- - Percent - -		
Jan. 1 1/	589	522	521	292	241	243	133	109	115	--	38	45	--	35	39
8	606	553	591	277	247	269	164	129	137	84	50	58	51	38	42
15	699	736	756	325	323	343	180	183	189	90	70	79	50	38	42
22	707	741	755	339	355	343	163	153	176	87	61	72	53	40	41
29	693	679	704	333	327	321	169	140	153	90	52	67	53	37	44
Feb. 5	657	666	669	318	313	308	159	146	143	89	60	62	56	41	43
12	689	672	655	344	313	307	150	133	144	81	58	64	54	44	44
19	683	657	651	425	301	310	153	146	122	79	59	58	51	40	48
26	666	670	638	318	311	289	146	142	126	77	59	59	52	41	47
Mar. 5	684	680	676	329	323	318	139	131	136	72	60	64	52	46	47
12	675	678	637	324	332	297	145	127	130	69	55	62	48	44	48
19	689	676	638	342	311	304	143	137	128	68	60	61	48	44	48
26	644	622	646	319	289	305	134	128	131	67	56	61	50	44	46
Apr. 2	650	620	641	312	282	295	139	124	135	67	55	64	48	44	47
9	631	612	669	301	264	315	135	118	157	65	54	89	48	46	57
16	662	640	716	328	286	354	143	119	148	62	53	97	43	44	66
23	651	659	705	322	322	339	148	127	137	60	52	86	41	42	63
30	655	681	719	322	320	342	147	123	159	57	49	92	39	40	58
May 7	666	684	719	332	344	334	149	115	157	56	48	84	37	42	54
14	712	686	706	361	336	327	145	116	148	55	46	77	38	40	52
21	730	711	731	368	356	339	152	120	156	53	47	74	35	39	47
28	743	689	729	364	335	334	155	130	158	55	49	77	35	38	49
June 4	642	600	643	317	288	310	132	113	136	46	41	64	35	36	47
11	720	662	720	361	328	364	149	125	142	51	44	66	34	36	46
18	722	673	735	363	344	375	150	110	143	52	42	66	35	38	46
25	706	684	691	336	338	327	155	121	140	53	44	65	35	37	46
July 2	708	685	731	333	328	343	157	131	146	52	47	69	33	36	47
9	605	559	612	285	294	289	112	84	123	38	32	59	34	38	48
16	742	707	734	337	334	342	168	131	149	58	50	74	34	38	50
23	705	697	746	317	324	354	164	140	163	55	48	75	34	34	46
30	680	678	732	313	331	346	152	119	151	52	45	71	34	38	47
Aug. 6	696	659	685	327	319	310	158	114	148	57	46	75	36	40	51
13	710	683	723	323	324	339	161	102	141	57	44	71	35	41	50
20	701	705	767	322	327	361	153	128	150	52	50	78	34	39	52
27	717	720	733	317	338	341	171	136	147	62	52	71	36	38	48
Sept. 3	745	706	718	329	334	333	175	133	146	62	53	74	36	40	51
10	653	613	619	296	295	291	144	110	116	53	46	55	37	41	47
17	748	726	734	338	332	332	176	136	134	63	54	59	36	40	44
24	745	714	722	343	346	352	174	128	145	59	52	66	34	41	46
Oct. 1	710	690	678	316	310	336	169	137	143	58	58	63	34	42	44
8	733	671	654	321	289	338	167	148	126	56	61	62	34	41	49
15	729	692		305	300		175	147	137	61	57	64	35	39	47
22	731	674		313	293		176	155		62	60		35	39	
29	701	678		312	299		179	159		62	61		34	38	
Nov. 5	700	633		309	273		187	155		63	60		34	39	
12	683	666		298	292		175	167		58	66		33	40	
19	694	666		308	283		176	174		60	68		34	39	
26	577	655		261	289		139	166		49	66		35	40	
Dec. 3	711	550		298	255		194	130		72	50		37	38	
10	701	653		284	281		191	170		69	68		36	40	
17	733	680		305	290		186	193		63	75		34	39	
24	702	670		305	297		175	167		62	68		36	41	

1/ Corresponding date -1984: December 31, 1983; 1985: December 29, 1984; 1986; December 18, 1985.

Cattle

Summer-quarter 1986 likely marked the end of an extended and extremely difficult inventory adjustment period for the cattle industry. A return to a typical cyclical inventory movement is not likely until the 1990's as external factors continue to mute the biological adjustments. The major adjustments occurred in the 1970's, with an unprecedented buildup in the cattle inventory peaking at a record high 132 million head in 1975, followed by an unprecedented liquidation which ended in 1979 at 110.9 million head. The cattle inventory then rose to 115.4 million head in 1982. However, 1982 through the summer of 1986 was a period of continued downward inventory adjustments. There was a severe drought in many cow-calf areas in 1983 and 1984, and to a lesser extent in 1982 and 1986. Efforts to reduce excess production in the dairy sector occurred in 1984 and again in 1986, resulting in a whipsawing of dairy cattle slaughter--heavy in 1984, light in 1985, and heavy again in 1986. Government meat purchases offset increased beef production from the DTP slaughter in 1986. In addition, the Payment-In-Kind program in 1983 to reduce grain production and thus burdensome stocks, resulted in sharply higher grain prices, particularly when drought further reduced crop production. At the beginning of 1987 the cattle inventory will likely have declined another 3 to 4 percent from a year earlier. However, these herd reductions, more normal weather conditions, and recent policy decisions are beginning to join in producing a more positive, but still cautious outlook for the beef sector. Net returns to cattle feeders and cow-calf operations have increased and both are expected to cover cash costs in 1986. While these returns will not encourage many producers to re-enter the industry, they will likely support a tentative expansion on existing cow-calf operations.

Returns to U.S. Cow-Calf Producers



Receipts less cash expenses.

Forage conditions this fall are much improved and well above the 10-year average. Hay stocks are near record large this fall. Recent rains have bolstered the outlook for small grain pastures in much of the summer-drought impacted Southeast. More moisture is needed but timely rains have the small-grain winter pastures off to a surprisingly good start. Given reduced cattle inventories, forage conditions throughout most of the country appear at least adequate to carry the herd through even a worse than average winter. In addition, the Food Security Act of 1985 has already sharply reduced grain prices with more moderate reductions possible through the end of the decade. Finally, the uncertainties of the Dairy Termination Program (DTP) are now mostly behind us. In

Table 32--Commercial calf slaughter and production

Year	Slaughter 1/	Average dressed weight	Production 1/
	1,000 head	Pound	Million pound
1983:			
I	734	140	103
II	669	146	98
III	805	137	110
IV	868	135	117
Year	3,076	139	428
1984:			
I	817	141	115
II	745	152	113
III	856	143	122
IV	874	145	127
Year	3,293	145	477
1985:			
I	820	145	119
II	770	156	120
III	872	144	126
IV	923	145	134
Year	3,385	148	499
1986: 2/			
I	873	148	129
II	836	154	129
III	859	151	130

1/ May not add due to rounding. 2/ Preliminary.

fact, the dairy herd in early fall was 4 percent below a year earlier. A lower dairy cow slaughter is likely later this fall and through 1987 than would have occurred without the DTP.

Adjustments underway indicate that the major portion of the beef herd liquidation may now be behind us leading to lower beef supplies and consumption and increased beef prices. However, already large total meat supplies are expected to expand in 1988 from the moderately lower levels in 1987. The impact of these larger meat supplies will be to markedly slow the rate of any beef herd expansion through at least the early 1990's.

Third-Quarter Transition

Third-quarter figures indicate that the recent cattle liquidation which began in 1982 may be drawing to a close. Cattle slaughter was 3 percent above summer 1985 levels, but production was up only 2 percent due to lower slaughter weights because of increased nonfed slaughter. The first period of the DTP with its high levels of dairy cow slaughter passed. DTP cattle slaughter in the second and third periods will be sharply lower. Both cow and nonfed steer and heifer slaughter were well above a year ago this summer due to the DTP. January through October dairy cow slaughter was 35 percent above a year ago. Weekly dairy cattle slaughter reported under the program in September was about half the weekly average during period one. However, dairy heifers from the first period could have been retained until the end of September. Thus dairy cattle slaughter is expected to decline even more in the remainder of the second period. Beef cow slaughter through October was 3 percent below a year ago, while total cow slaughter was 12 percent higher.

Table 33--Commercial cattle slaughter 1/ and production

Year	Steers and heifers: Fed	Steers and heifers: Nonfed	Steers and heifers: Total	Cows	Bulls and stags	Total 2/	Average dressed weight	Commercial production 2/
	- - - 1,000 head - - -						Million	Million pounds
1983:								
I	6,419	424	6,843	1,701	188	8,732	633	5,527
II	6,367	581	6,948	1,694	209	8,851	628	5,556
III	6,799	621	7,420	1,908	220	9,548	630	6,015
IV	6,167	866	7,033	2,294	191	9,518	626	5,962
Year	25,752	2,492	28,244	7,597	808	36,649	629	23,060
1984: 3/								
I	6,467	457	6,924	2,080	165	9,169	623	5,710
II	6,476	660	7,136	1,998	209	9,343	623	5,820
III	6,556	620	7,176	2,169	217	9,562	622	5,952
IV	6,259	677	6,936	2,372	198	9,508	624	5,936
Year	25,758	2,431	28,172	8,621	789	37,582	623	23,418
1985:								
I	6,678	208	6,886	1,879	171	8,936	637	5,692
II	6,663	534	7,197	1,630	195	9,022	656	5,923
III	6,887	577	7,464	1,691	197	9,352	659	6,167
IV	5,927	655	6,592	2,191	196	8,979	643	5,775
Year	26,155	1,984	28,139	7,391	759	36,289	2,649	23,557
1986:								
I	6,464	371	6,835	1,884	165	8,884	656	5,769
II	6,644	742	7,386	2,006	181	9,573	658	6,247
III	6,745	776	7,521	1,941	191	9,653	656	6,275

1/ Classes estimated. 2/ May not add due to rounding. 3/ Preliminary.

Table 34--7-States cattle on feed, placements, and marketings

Year	On feed	Change from previous year	Net placements	Change from previous year	Marketings	Change from previous year	Other disappear-ance	Change from previous year
	1,000 head	Percent	1,000 head	Percent	1,000 head	Percent	1,000 head	Percent
1984								
Jan.	8,006	-3.7	1,480	+8.5	1,569	-3.6	86	-33.8
Feb.	7,917	-1.7	1,219	+16.9	1,621	+8.7	82	-32.2
Mar.	7,515	-1.2	1,647	+30.0	1,594	-0.6	117	-14.6
Apr.	7,568	+4.1	1,331	-6.5	1,523	+3.6	184	+28.7
May.	7,376	+2.1	1,579	-6.5	1,637	+3.7	219	+46.0
June	7,318	-0.2	1,351	-10.9	1,544	-1.7	94	+20.5
July	7,125	-2.1	1,239	+14.7	1,553	+3.7	84	-10.6
Aug.	6,811	-0.7	1,619	+8.4	1,683	+1.9	61	-30.7
Sept.	6,747	+0.6	2,184	+13.2	1,489	-11.5	81	+14.1
Oct.	7,442	+7.1	2,436	+3.3	1,657	+1.9	110	+7.8
Nov.	8,221	+7.0	1,824	+14.7	1,501	+2.9	121	0.0
Dec.	8,544	+9.3	1,487	-9.2	1,414	-2.1	137	+15.1
1985								
Jan.	8,635	+7.6	1,331	-10.1	1,782	+13.6	118	+37.2
Feb.	8,184	+3.4	1,247	+2.3	1,540	-5.0	94	+14.6
Mar.	7,891	+5.0	1,494	-9.3	1,559	-2.2	98	-16.2
Apr.	7,826	+3.4	1,283	-3.6	1,603	+5.3	133	-27.7
May	7,506	+1.8	1,548	-2.0	1,604	-2.0	128	-41.6
June	7,450	+1.8	1,184	-12.4	1,577	+2.1	87	-7.4
July	7,057	-1.0	1,017	-17.9	1,670	+7.5	61	-27.4
Aug.	6,404	-6.0	1,448	-10.6	1,697	+0.8	62	+1.6
Sept.	6,155	-8.8	1,909	-12.6	1,603	+7.7	79	-2.5
Oct.	6,461	-13.2	2,694	+10.6	1,573	-5.1	85	-22.7
Nov.	7,582	-7.8	1,690	-7.3	1,380	-8.1	76	-37.2
Dec.	7,892	-7.6	1,369	-7.9	1,401	-0.9	111	-19.0
1986								
Jan.	7,860	-9.0	1,504	+13.0	1,740	-2.4	77	-34.7
Feb.	7,624	-6.8	1,108	-11.2	1,470	-4.6	102	+8.5
Mar.	7,262	-8.0	1,564	+4.7	1,563	+.2	86	-12.2
Apr.	7,263	-7.2	1,435	+11.8	1,621	+1.1	120	-9.8
May	7,077	-5.7	1,614	+4.3	1,615	+.7	132	+3.1
June	7,076	-5.0	1,075	-9.2	1,628	+3.2	67	-23.0
July	6,523	-7.6	1,544	+51.8	1,682	+.1	64	+5.0
Aug.	6,321	-1.3	1,812	+25.1	1,659	-2.2	70	+12.9
Sept.	6,404	+4.0	2,083	+9.1	1,617	+.9	59	-25.3
Oct.	6,811	+5.4						

Table 35—13-States cattle on feed, placements, marketings, and other disappearance 1/

Year	Cattle on feed 2/	Change previous year	Placed on feed	Change previous year	Fed cattle marketed	Change previous year	Other disappearance	Change previous year
	1,000 head	Percent	1,000 head	Percent	1,000 head	Percent	1,000 head	Percent
1983:								
I	10,271	13.8	5,027	-9.8	5,694	4.6	451	33.0
II	9,153	3.8	5,894	2.0	5,527	6.1	450	10.0
III	9,070	1.0	5,583	-4.5	5,891	2.0	298	17.3
IV	8,465	-3.8	7,272	+.8	5,436	1.2	393	6.2
Year	---	---	23,776	-2.6	22,548	3.4	1,592	16.0
1984:								
I	9,908	-3.5	5,511	+9.6	5,714	+0.4	365	-19.1
II	9,340	+2.0	5,562	-5.7	5,620	+1.7	582	+29.3
III	8,700	-4.1	6,252	12.0	5,684	-3.5	268	-10.1
IV	9,000	6.3	7,592	3.9	5,507	1.3	417	6.1
Year	---	---	24,884	4.5	22,525	-0.1	1,632	2.5
1985:								
I	10,653	7.3	5,315	-3.4	5,907	3.4	373	2.2
II	9,688	3.7	5,206	-6.5	5,787	3.0	437	-24.9
III	8,660	-.5	5,465	-12.6	5,967	5.0	244	-9.0
IV	7,937	-11.8	7,275	-4.2	5,194	-5.9	324	-22.3
Year	---	---	23,267	-6.6	22,855	1.4	1,378	-15.6
1986:								
I	9,694	-9.0	5,260	-1.0	5,723	-3.1	316	-15.3
II	8,915	-8.0	5,181	-.5	5,771	-.3	375	-14.2
III	7,950	-8.2	6,326	+15.8	5,846	-2.0	233	-4.5
IV	8,197	+3.3						
Year	---	---						

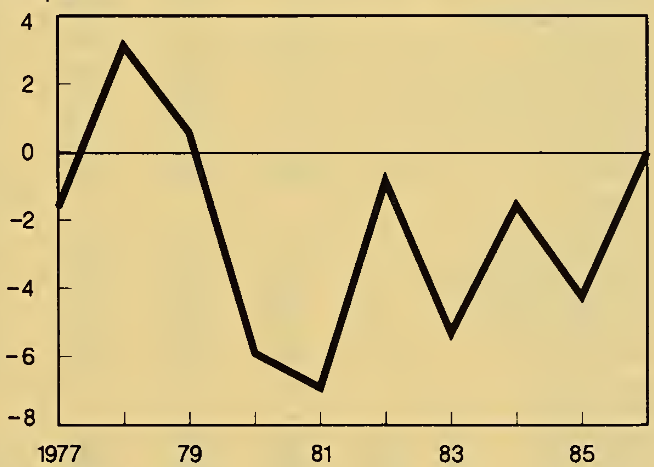
1/ Revised. 2/ Beginning of quarter.

Government meat purchases have more than offset the additional DTP slaughter and helped support cattle prices. Although beef production this summer rose nearly 2 percent over a year ago, cattle prices moved well above year-earlier levels. Prices for Choice fed steers and Utility cows at Omaha this summer averaged about $9 and $2 above a year earlier, respectively, while prices for yearling steers at Kansas City averaged about $3 higher. Continued lower pork supplies, and sharply smaller nonfed beef supplies are likely to continue to support stronger cattle prices in the coming months.

Fed Beef Supplies To Remain Large Through Spring

The number of cattle on feed on October 1 was the third smallest inventory for this date since 1970, although 3 percent above the record low of a year ago. Near-record high placements and marketings this summer were partially offsetting resulting in continued low fed cattle inventories. Cattle on feed on July 1 were 8 percent below a year earlier, but third-quarter fed cattle marketings declined only 2 percent. Increased marketings occurred as cattle continued to be placed on feed at heavy weights with many of them in fleshy grass-fat condition. A record large 74 percent of the cattle on feed at the beginning of the quarter were marketed.

Returns to U.S. Fed Beef Producers



Receipts less cash expenses.

Placements this summer were a near record large 6.1 million head, the most since 1978. Feedlots remain current although placements this summer were heavy. A larger than normal proportion of the October 1 inventory is likely to be marketed this fall. Producers indicated they intended to market 3 percent more fed cattle this summer than a year ago in the 13 States, and it appears marketings could rise 3 to 4 percent from 1985. This implies marketing of about 66 percent of the beginning inventory, compared with an average of 63 percent since 1981.

Placements are expected to remain large this fall as fed cattle prices rise and grain prices continue well below a year ago. However, even as Corn Belt feeders begin to place more cattle on feed as the fall harvest ends, placements for the 13 States are likely to total somewhat less than a year ago. Feeder cattle supplies were drawn down sharply this summer and competition between

Table 36–October 1 feeder cattle supply

Item	1984	1985	1986	1986/1985
	1,000 head			% change
Calves less than 500 lb				
On farms Jul. 1	35,500	33,600	32,200	-4.2
Slaughter Jul.-Sept.	856	872	859	-1.5
On feed October 1 1/				
Total	34,149	32,439	31,031	-4.4
Steers & Heifers 500 lb + 2/				
On farms Jul. 1	24,450	24,200	23,300	-3.7
Slaughter Jul.-Sept.	4,349	4,440	4,551	+2.5
On feed October 1 1/	9,999	8,964	9,314	+3.9
Total	7,277	7,771	6,465	+16.8
Total supply	41,426	40,210	37,496	-6.8

1/ Estimated U.S. steers and heifers. 2/ Not including heifers for cow replacements.

Table 37--Corn Belt cattle feeding: Selected costs at current rates 1/

Purchased during: / Marketed during:	Oct. '85 / Apr. '86	Nov. / May	Dec. / June	Jan. 86 / July	Feb. / Aug.	Mar. / Sept.	Apr. / Oct.	May / Nov.	Jun. / Dec.	July / Jan. '87	Aug. / Feb.	Sept. / Mar.
Expenses:												
600 lb. feeder steer	374.22	377.16	365.88	372.96	374.52	379.32	361.92	362.40	351.00	366.00	394.50	393.00
Transportation to feedlot-400 miles	5.28	5.28	5.28	5.28	5.28	5.28	5.28	5.28	5.28	5.28	5.28	5.28
Corn (45 bu)	94.50	98.55	100.35	102.60	102.60	102.60	102.60	107.10	104.85	88.65	72.90	62.10
Silage (1.7 tons)	31.17	32.36	33.12	34.67	34.39	33.97	33.97	33.55	31.03	27.54	25.27	22.95
Protein supplement (270 lb)	27.27	30.65	31.59	30.65	31.05	30.51	31.86	31.86	31.86	31.86	31.86	32.94
Hay (400 lb)	9.50	9.80	10.10	10.90	10.70	10.40	10.40	9.50	8.00	7.70	8.20	8.00
Total feed costs	162.44	171.35	175.16	178.81	178.74	177.48	178.83	182.01	175.74	155.75	138.23	125.99
Labor (4 hours)	15.72	15.72	15.72	15.72	15.72	15.72	15.72	15.72	15.72	15.72	15.72	15.72
Management (1 hr.) 2/	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86
Vet Medicine 3/	5.25	5.27	5.25	5.27	5.26	5.26	5.21	5.18	5.21	5.21	5.21	5.21
Interest on purchase (6 months)	23.93	24.12	23.40	23.68	23.78	24.09	22.44	22.47	21.76	21.59	23.28	23.19
Power, equip., fuel, shelter, deprec. 3/	24.46	24.57	24.46	24.57	24.53	24.55	24.29	24.16	24.29	24.29	23.28	23.19
Death loss (1% of purchase)	3.74	3.77	3.66	3.73	3.75	3.79	3.62	3.62	3.51	3.66	3.95	3.93
Transportation (100 miles)	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31
Marketing expenses	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35
Miscellaneous & indirect costs 3/	10.58	10.63	10.58	10.63	10.61	10.62	10.50	10.45	10.50	10.50	10.51	10.51
Total	639.14	651.39	642.90	654.17	655.70	659.63	641.32	644.81	626.53	621.53	634.51	620.66
SELLING PRICE REQUIRED TO COVER:												
Feed and feeder costs (1,050 lb) $/cwt	51.11	52.24	51.53	52.55	52.69	53.03	51.50	51.85	50.17	49.69	50.74	49.43
All costs (1,050 lb) $/cwt	60.87	62.04	61.23	62.30	62.45	62.82	61.08	61.41	59.67	59.19	60.43	59.11
Feed cost per 100 lb gain (450 lb)$/cwt	36.10	38.08	38.92	39.74	39.72	39.44	39.74	40.45	39.05	34.61	30.72	28.00
Choice steers, Omaha (900-1100 lb) $/cwt	53.68	55.79	54.08	58.27	59.04	59.43						
Net margin $/cwt	-7.19	-6.25	-7.15	-4.03	-3.41	-3.39						
PRICES:												
Feeder steer, Choice (600-700 lb)												
Kansas City $/cwt	62.37	62.86	60.98	62.16	62.42	63.22	60.32	60.40	58.50	61.00	65.75	65.50
Corn $/bu 4/	2.10	2.19	2.23	2.28	2.28	2.28	2.28	2.38	2.33	1.97	1.62	1.38
Hay $/ton 4/	47.50	49.00	50.50	54.50	53.50	52.00	52.00	47.50	40.00	38.50	41.00	40.00
Corn silage $/ton 5/	18.34	19.04	19.48	20.39	20.23	19.98	19.98	19.74	18.25	16.20	14.87	13.50
Protein supplement (32-36%) $/cwt		10.10	11.35	11.70	11.35	11.50	11.30	11.80	11.80	11.80	11.80	12.20
Farm labor $/hour	3.93	3.93	3.93	3.93	3.93	3.93	3.93	3.93	3.93	3.93	3.93	3.93
Interest rate, annual	12.79	12.79	12.79	12.70	12.70	12.70	12.40	12.40	12.40	11.80	11.80	11.80
Transportation rate $/cwt. per 100 miles 7/	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22
Marketing expenses $/cwt 8/	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35
Index of prices paid by farmers (1910-14=100)	1116.00	1121.00	1116.00	1121.00	1119.00	1120.00	1108.00	1108.00	1108.00	1109.00	1109.00	1109.00

1/ Represents only what expenses would be if all selected items were paid for during the period indicated. The feed ration and expense items do not necessarily coincide with experience of individuals for management, production level, and locality of operation. Revisions have been made per annual Agricultural Prices. 2/ Assumes 1 hour at twice the labor rate. 3/ Adjusted monthly by the index of prices paid by farmers for commodities, services, interest, taxes, and wage rates. 4/ Average price received by farmers in Iowa and Illinois. 5/ Corn silage price derived from an equivalent price of 5 bushels corn and 330 lb hay. 6/ Average price paid by farmers in Iowa and Illinois. 7/ Converted from cents/mile for a 44,000-pound haul. 8/ Yardage plus commission fees at a Midwest terminal market. *Preliminary.

feeders and stocker operators for the reduced supply is likely to intensify.

Yearling Feeder Cattle Supplies Plummet

Feeder cattle supplies outside feedlots on October 1 were 7 percent below a year ago. The sharpest declines occurred in the number of feeder cattle weighing over 500 pounds--a 17 percent drop. Continued declines in the calf crop resulted in a 4 percent drop in the feeder calf supply. Nonfed steer and heifer slaughter was also large this summer, due in part to dairy heifers slaughtered under the DTP and also due to some grass-fat feeder cattle going directly to slaughter. This drop in yearling supplies will help strengthen feeder cattle prices this fall as grain prices remain

Table 38--Feeder steer prices consistent with breakeven, given corn and fed steer prices 1/

Corn (farm price)	Choice steers, $/cwt				
	50	55	60	65	70
$/bu	Feeder steers, $/cwt				
1.25	53	62	71	80	89
1.50	51	60	69	78	86
1.75	49	58	67	76	84
2.00	47	56	65	73	82
2.25	45	54	63	71	80

1/ Assuming all other costs at September 1986 levels. Assumes milo equals 92 percent of the corn feeding value. (See Great Plains custom cattle feeding table.)

Table 39--Great Plains custom cattle feeding: Selected costs at current rates 1/

Purchased during: / Marketed during:	Oct. '85 / Apr. '86	Nov. / May	Dec. / June	Jan. 86 / July	Feb. / Aug.	Mar. / Sept.	Apr. / Oct.	May / Nov.	Jun. / Dec.	July / Jan. '87	Aug. / Feb.	Sept. / Mar.
EXPENSES: ($/head)												
600-lb feeder steer	360.66	371.64	369.90	374.46	376.86	354.18	330.90	325.68	329.28	366.48	381.78	381.00
Transportation to feedlot (300 miles)	3.96	3.96	3.96	3.96	3.96	3.96	3.96	3.96	3.96	3.96	3.96	3.96
Commission	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Feed:												
Milo (1,500 lb)	66.90	67.05	75.75	67.50	65.55	65.40	67.80	72.45	72.60	60.75	53.40	51.00
Corn (1,500 lb)	73.80	78.05	78.30	77.10	75.30	74.40	76.50	79.80	79.50	67.35	57.90	52.80
Cottonseed meal (400 lb)	36.80	38.40	36.80	38.00	40.00	42.00	42.00	42.00	40.40	40.40	40.40	40.80
Alfalfa hay (800 lb)	45.60	45.20	47.60	47.60	47.20	45.20	43.20	42.80	39.20	39.60	40.80	40.80
Total feed cost	223.10	226.70	238.45	230.20	228.05	227.00	229.50	237.05	231.70	208.10	192.50	185.40
Feed handling & management charge	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00
Vet medicine	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Interest on feeder & 1/2 feed	27.15	27.89	28.12	30.60	30.68	29.23	24.51	24.43	24.48	24.11	24.50	22.50
Death loss (1.5 percent of purchase)	5.41	5.57	5.55	5.62	5.65	5.31	4.96	4.89	4.94	5.50	5.73	5.72
Marketing 2/	f.o.b.	f.o.b.	f.o.b.	f.o.b.	f.o.b.	f.o.b.	f.o.b.	f.o.b.	f.o.b.	f.o.b.	f.o.b.	f.o.b.
Total	647.28	662.76	672.98	671.83	672.20	646.68	620.83	623.01	621.36	635.15	635.47	625.58
SELLING PRICE REQUIRED TO COVER: 3/ ($/cwt)												
Feed and feeder costs (1,056 lb)	55.28	56.66	57.61	57.26	57.28	55.04	53.07	53.29	53.12	54.41	54.38	53.64
All costs	61.30	62.76	63.73	63.62	63.66	61.24	58.79	59.00	58.84	60.15	60.18	59.24
Selling price 4/	55.91	57.95	55.81	59.28	59.84							
Net margin	-5.39	-4.81	-7.92	-4.34	-3.82							
Cost per 100-lb gain												
Variable costs less interest	50.50	51.25	53.60	51.96	51.54	51.26	51.69	53.19	52.13	47.52	44.45	43.02
Feed costs	44.62	45.34	47.69	46.04	45.61	45.40	45.90	47.41	43.34	41.62	38.50	37.08
PRICES:												
Choice feeder steer 600-700 lb Amarillo $/cwt	60.11	61.94	61.65	62.41	62.81	59.03	55.15	54.28	54.88	61.08	63.63	63.50
Transportation rate $/cwt/100 miles 5/	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22
Commission fee $/cwt	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50
Milo $/cwt 6/	4.46	4.47	5.05	4.50	4.37	4.36	4.52	4.83	4.84	4.05	3.56	3.40
Corn $/cwt 6/	4.92	5.07	5.22	5.14	5.02	4.96	5.10	5.32	5.30	4.49	3.86	3.52
Cottonseed meal (41%) $/cwt 7/	9.20	9.60	9.20	9.50	10.00	10.50	10.50	10.50	10.10	10.10	10.10	10.20
Alfalfa hay $/ton 8/	114.00	114.00	113.00	119.00	118.00	113.00	108.00	107.00	98.00	99.00	102.00	102.00
Feed handling & management charge $/ton	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Interest, annual rate	11.50	11.50	11.50	12.50	12.50	12.50	11.00	11.00	11.00	10.25	10.25	9.50

1/ Represents only what expenses would be if all selected items were paid for during the period indicated. The feed ration and expense items do not necessarily coincide with experience of individual feedlots. For individual use, adjust expenses and prices for management, production level, and locality of operation. Steers are assumed to gain 500 lbs in 180 days at 2.8 lbs per day with feed conversion of 8.4 lbs per pound gain. Revisions have been made per annual Agricultural Prices. 2/ Most cattle sold f.o.b. at the feedlot with 4-percent shrink. 3/ Sale weight 1,056 lbs (1,100 lbs less 4-percent shrink). 4/ Choice slaughter steers, 900-1100 lbs, Texas-New Mexico direct. 5/ Converted from cents per mile for a 44,000-lb haul. 6/ Texas Panhandle elevator price plus $0.15/cwt handling and transportation to feedlots. 7/ Average prices paid by farmers in Texas. 8/ Average price received by farmers in Texas plus $30/ton handling and transportation to feedlots.

well below a year ago, particularly in the Western Corn Belt, and cattle feeding interest increases as the fall harvest is completed. Placements in Iowa rose 41 percent above a year ago this summer, but this increase was from very low levels. Placements in Illinois and Minnesota were up only 13 and 5 percent, respectively. Competition for the smaller supply of feeder cattle, particularly calves, is also likely as favorable forage conditions will encourage cow-calf producers to carry more of this year's calf crop through the winter. Demand is also likely to increase from stocker operators, particularly where diversion acreage can be grazed.

Production Prospects

Beef production in 1987 is expected to drop 5 to 7 percent below this year's level. Sharpest year-to-year declines will occur in the second and third quarters. This is largely due to the large DTP slaughter during the spring and summer of 1986. Although total production is expected to decline, nearly all of the drop will occur in the nonfed slaughter categories. Total fed cattle marketings are expected to remain in the 25.5 to 26 million head range which has existed since 1983. Sharpest year-to-year declines will occur in cow slaughter, given the lower beef and dairy cow numbers and expectations that the beef breeding herd may begin to stabilize. A stronger economy, or greater price impact from reduced beef supplies in 1987, could result in even lower nonfed slaughter and more steers and heifers being placed on feed. Slaughter weights are likely to remain near record large in 1987. Fed cattle will represent a larger proportion of the slaughter mix next year which would suggest even heavier weights. But cow slaughter weights are likely to drop as the dairy proportion declines, thus offsetting the increase in fed cattle in the slaughter mix.

Price Rises to Moderate

Prices for Choice fed steers at Omaha have risen from $54 per cwt in June to about $60 in October. During this period, 400-500 pound calves and 600-700 pound yearlings at Kansas City have risen from $65 to $73 and from $58.50 to $66, respectively. Utility cow prices at Omaha averaged near $38 this year. Prices dropped to $36 per cwt in April as the DTP was announced, soon recovered and otherwise remained fairly stable throughout the year. Fed cattle prices may rise to the mid $60's next spring, but further price rises, even with the reduced beef supplies will be difficult. Total meat supplies will remain large, as poultry supplies continue to rise. Larger supplies of relatively lower priced poultry will hold down gains particularly as beef prices rise. The farm-to-retail spread narrowed to $1.02 this summer, and while some further reductions are possible, this is near the average spread in recent years--excluding 1985. Thus, further cattle price increases are likely only as retail beef prices rise. Retail prices may increase to the low $2.40's in 1987, up from about $2.32 in 1985 and 1986. Thus beef prices are expected to return to near the average of the early 1980's when per capita beef supplies were 4 to 5 pounds larger.

While nonfed beef supplies are expected to drop, supplies of fed beef which comprise the base for the Choice retail beef price, are expected to remain large through 1987. Pork prices have already risen over 20 percent since the spring lows, making pork less competitive with beef. Only modest changes are expected in the recent sluggish economic growth, thus consumers are likely to remain price cautious, particularly for the more expensive beef.

Feeder cattle prices are expected to average about $4 above a year ago this fall due to the smaller supply, lower grain prices and increased demand from feedlot and stocker interests. Grain prices are expected to begin to stabilize this fall, before rising seasonally. However, stronger fed cattle prices through next spring should support further price increases for feeder cattle.

Moderate cattle price increases and continuing financial problems in many areas will hold down the rate of herd expansion. Many producers that liquidated their cattle herds in recent years to reduce debt and/or improve cash flow will not likely be able to generate additional cash flow to afford the capital investment to reenter the cattle sector. Feeder cattle supplies will continue to tighten as existing cow-calf operators cautiously begin to expand toward fuller utilization of their forage supply. However,

the demand for female replacement stock for herd rebuilding is not likely to rise as dramatically as in past cycles. Only moderate feeder cattle price increases are expected thus holding down returns to cow-calf producers. An expected 7 to 9 percent rise in poultry production in 1987, and expanded pork production along with further poultry increases in 1988 are likely to hold down the prices cattle feeders are willing to bid for feeder cattle, particularly in second-half 1987. Thus this very sluggish expansion pace will also help bolster the supply of heifers available to go on feed.

Prices for Utility cows in Omaha are likely to average near $40 per cwt in 1987, up about $2 from 1986. Large supplies of poultry for processed meats will hold down price gains, despite of sharp reductions in cow slaughter during 1987.

Veal Production and Prices

Veal production is expected to decline counter-seasonally this fall, as DTP adjustments slow, and feeder cattle demand increases. For 1986 veal production may average slightly above a year ago. Continued calf crop reductions in 1987, a smaller dairy herd, and strong feeder cattle demand are likely to result in next year's veal production declining 15 to 20 percent to near the levels of the early 1980's.

Prices for Choice veal calves at So. St. Paul have risen about $12 per cwt since early spring. Prices in 1986 may average about $60 per cwt, and may average near $70 in 1987.

Table 40--Beef, Choice Yield Grade 3: Retail, carcass, and farm values, spreads, and farmers' share 1/

Year	Retail price 2/	Gross carcass value 3/	Carcass by-product allow-ance 4/	Net carcass value 5/	Gross farm value 6/	Farm by-product allow-ance 7/	Net farm value 8/	Farm-retail spread: Total	Farm-retail spread: Carcass-retail	Farm-retail spread: Farm-carcass	Farmers' share 9/
	--- Cents per pound ---										Percent
980	237.6	157.7	2.3	155.4	161.9	16.9	145.0	92.6	82.2	10.4	61
981 10/	238.7	151.5	2.1	149.3	154.5	16.0	138.5	100.2	89.4	10.8	58
982	242.5	152.8	2.1	150.7	155.5	15.0	140.5	102.0	91.8	10.2	58
983	238.1	147.4	2.0	145.4	151.8	15.6	136.2	101.9	92.7	9.2	57
984	239.6	150.6	3.0	147.6	158.6	18.6	140.0	99.6	92.0	7.6	58
985											
I	239.0	145.2	2.4	142.8	151.1	15.5	135.6	103.4	96.2	7.2	57
II	234.4	134.2	1.8	132.4	140.2	15.1	125.1	109.3	102.0	7.3	53
III	226.6	122.6	1.3	121.3	126.9	14.5	112.4	114.2	105.3	8.9	50
IV	230.3	145.8	1.6	144.2	150.7	16.3	134.4	95.9	86.1	9.8	58
Jan.	239.7	149.6	2.6	147.0	155.9	16.1	139.8	99.9	92.7	7.2	58
Feb.	238.7	146.7	2.4	144.3	152.8	15.6	137.2	101.5	94.4	7.1	57
Mar.	238.6	139.2	2.2	137.0	144.6	14.9	129.7	108.9	101.6	7.3	54
Apr.	236.8	135.0	2.1	132.9	142.8	15.8	127.0	109.8	103.9	5.9	54
May	234.4	134.8	1.8	133.0	140.6	15.2	125.4	109.0	101.4	7.6	53
June	232.0	132.9	1.7	131.2	137.1	14.2	122.9	109.1	100.8	8.3	53
July	230.6	124.0	1.4	122.6	128.3	14.3	114.0	116.6	108.0	8.6	49
Aug.	225.5	121.2	1.4	119.8	126.7	14.7	112.0	113.5	105.7	7.8	50
Sept.	223.6	122.7	1.3	121.4	125.6	14.5	111.1	112.5	102.2	10.3	50
Oct.	224.2	137.5	1.5	136.0	143.1	15.5	127.6	96.6	88.2	8.4	57
Nov.	229.9	150.6	1.8	148.8	155.0	16.9	138.1	91.8	81.1	10.7	60
Dec.	236.9	149.3	1.6	147.7	154.0	16.6	137.4	99.5	89.2	10.3	58
Annual	232.6	137.0	1.8	135.2	142.2	15.4	126.8	105.8	97.4	8.4	55
986											
I											
Jan.	236.9	140.0	1.4	138.6	144.5	16.1	128.4	108.5	98.3	10.2	54
Feb.	232.5	131.4	1.4	130.0	136.5	15.5	121.0	111.5	102.5	9.0	52
Mar.	230.3	129.2	1.1	128.1	134.9	15.1	119.8	110.5	102.2	8.3	52
st qt.	233.2	133.5	1.3	132.2	138.6	15.5	123.1	110.1	101.0	9.1	53
Apr.	227.0	126.2	1.0	125.2	131.2	15.0	116.2	110.8	101.8	9.0	51
May	226.8	130.6	.9	129.7	135.7	15.3	120.4	106.4	97.1	9.3	53
June	226.6	126.6	.9	125.7	128.2	14.9	113.3	113.3	100.9	12.4	50
nd qt.	226.8	127.8	.9	126.9	131.7	15.1	116.6	110.2	99.9	10.3	51
uly	227.4	134.6	1.2	133.4	140.9	16.0	124.9	102.5	94.0	8.5	55
ugust	230.2	136.7	1.1	135.6	143.6	15.4	128.2	102.0	94.6	7.4	56
eptember	231.0	136.9	1.1	135.8	144.1	15.1	129.0	102.0	95.2	6.8	56
rd qt.	229.5	136.1	1.2	134.9	142.9	15.5	127.4	102.2	94.6	7.6	56

1/ Revised series. 2/ Estimated weighted-average price of retail cuts from Choice Yield Grade 3 carcass. 3/ Value f carcass-quantity equivalent to 1 lb. of retail cuts. A wholesale-carcass equivalent of 1.464 was used prior to 970; it was increased gradually to 1.476 in 1976 and later years. 4/ Portion of gross carcass value attributed to at and bone trim. 5/ Gross carcass value minus carcass by-product allowance. 6/ Market value to producer for 2.4 b. of live animal, equivalent to 1 lb. of retail cuts. 7/ Portion of gross farm value attributed to edible and nedible by-products. 8/ Gross farm value minus farm by-product allowance. 9/ Percent net farm value is of retail rice.
0/ ERS data through May 1981, BLS series since.

Table 41--Pork: Retail, wholesale, and farm values, spreads, and farmers' share 1/

Year	Retail price 2/	Wholesale value 3/	Gross farm value 4/	By-product allowance 5/	Net farm value 6/	Farm-retail spread: Total	Farm-retail spread: Wholesale-retail	Farm-retail spread: Farm-wholesale	Farmers' share 7/
	- - - Cents per pound - - -								Percent
1980	139.4	98.0	68.3	5.1	63.2	76.2	41.4	34.8	45
1981 8/	152.4	106.7	75.5	5.2	70.3	82.1	45.7	36.4	46
1982	175.4	121.8	94.3	6.3	88.0	87.4	53.6	33.8	50
1983	169.8	108.9	81.4	4.9	76.5	93.3	60.9	32.4	45
1984	162.0	110.1	83.3	5.9	77.4	84.6	51.9	32.7	48
1985									
I	165.4	106.3	80.4	5.4	75.0	90.4	59.1	31.3	45
II	158.6	101.0	73.5	4.5	69.1	89.5	57.6	31.9	44
III	161.1	96.6	74.1	4.5	69.6	91.5	64.5	27.0	43
IV	163.0	100.6	76.6	4.5	72.1	90.9	62.4	28.5	44
1985									
Jan.	166.0	110.0	83.5	5.5	78.0	88.0	56.0	32.0	47
Feb.	165.6	106.9	83.1	5.6	77.5	88.1	58.7	29.4	47
Mar.	164.7	102.0	74.6	5.0	69.6	95.1	62.7	32.4	42
Apr.	159.3	97.0	70.5	4.7	65.8	93.5	62.1	31.4	41
May	158.7	99.6	72.2	4.4	67.8	90.9	59.1	31.8	43
June	157.9	106.3	77.9	4.3	73.6	84.3	51.6	32.7	47
July	161.7	99.9	79.3	4.7	74.6	87.1	61.8	25.3	46
Aug.	161.8	96.8	74.5	4.7	69.8	92.0	65.0	27.0	43
Sept.	159.8	93.1	68.5	4.2	64.3	95.5	66.7	28.8	40
Oct.	160.0	98.7	74.8	4.3	70.5	89.5	61.3	28.2	44
Nov.	162.4	99.6	75.2	4.5	70.6	91.8	62.8	29.0	43
Dec.	166.5	103.5	79.8	4.5	75.3	91.2	63.0	28.2	45
Annual	162.0	101.1	76.2	4.8	71.4	90.6	60.9	29.7	44
1986									
I									
Jan.	169.0	99.1	77.6	4.7	72.9	96.1	69.9	26.2	43
Feb.	168.3	95.7	74.1	4.6	69.5	98.8	72.6	26.2	41
Mar.	165.8	92.4	69.5	4.0	65.5	100.3	73.4	26.9	40
1st qt.	167.7	95.7	73.7	4.4	69.3	98.4	72.0	26.4	41
Apr.	162.2	91.7	68.8	4.0	64.8	97.4	70.5	26.9	40
May	162.3	102.8	80.8	4.2	76.6	85.7	59.5	26.2	47
June	166.5	112.2	94.6	4.8	89.8	76.7	54.3	22.4	54
2nd qt.	163.7	102.2	81.4	4.3	77.1	86.6	61.5	25.1	47
July	183.4	127.4	103.5	5.6	97.9	85.5	56.0	29.5	53
August	190.3	131.9	107.9	5.9	102.0	88.3	58.4	29.9	54
September	194.4	127.3	101.4	5.7	95.7	98.7	67.1	31.6	49
3rd qt.	189.4	128.9	104.3	5.7	98.5	90.9	60.5	30.4	52

1/ Revised series. 2/ Estimated weighted-average price of retail cuts from pork carcass. 3/ Value of wholesale quantity equivalent to 1 lb. of retail cuts. A wholesale-carcass equivalent of 1.06 is used for all years. 4/ Market values to producer for 1.7 lb. of live animal, equivalent to 1 lb. of retail cuts. 5/ Portion of gross farm value attributable to edible and inedible by-products. 6/ Gross farm value minus by-product allowance. 7/ Percent net farm value is of retail price. 8/ ERS data through May 1981, BLS series since.

Table 42--Average retail price of specified meat cuts, per pound, by months

Year and item	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Dollars											
CHOICE BEEF:												
Ground chuck												
1984	1.72	1.74	1.75	1.75	1.75	1.72	1.69	1.69	1.68	1.69	1.70	1.71
1985	1.71	1.73	1.72	1.72	1.69	1.67	1.65	1.64	1.64	1.62	1.67	1.68
1986	1.66	1.66	1.66	1.63	1.59	1.60	1.61	1.62	1.64			
Ground beef												
1984	1.29	1.34	1.31	1.33	1.30	1.27	1.25	1.28	1.27	1.25	1.27	1.30
1985	1.28	1.28	1.28	1.27	1.21	1.20	1.20	1.21	1.21	1.19	1.24	1.28
1986	1.28	1.26	1.27	1.22	1.19	1.16	1.19	1.22	1.23			
Chuck roast, bone in												
1984	1.75	1.78	1.75	1.74	1.70	1.62	1.59	1.59	1.62	1.62	1.69	1.71
1985	1.68	1.70	1.65	1.62	1.58	1.55	1.50	1.48	1.41	1.50	1.56	1.63
1986	1.68	1.64	1.65	1.53	1.54	1.53	1.50	1.54	1.50			
Round roast, boneless												
1984	2.62	2.69	2.68	2.68	2.61	2.53	2.47	2.52	2.52	2.52	2.51	2.55
1985	2.56	2.52	2.56	2.54	2.45	2.40	2.41	2.34	2.35	2.39	2.49	2.56
1986	2.55	2.47	2.46	2.41	2.44	2.33	2.39	2.40	2.46			
Rib roast, bone in												
1984	3.45	3.44	3.42	3.35	3.39	3.37	3.38	3.32	3.22	3.26	3.23	3.34
1985	3.43	3.28	3.32	3.29	3.30	3.29	3.27	3.24	3.19	3.20	3.21	3.37
1986	3.36	3.33	3.20	3.29	3.16	3.21	3.19	3.29	3.28			
Round steak, boneless												
1984	2.93	2.96	2.98	2.96	2.90	2.90	2.83	2.89	2.87	2.89	2.85	2.92
1985	2.94	2.94	2.95	2.90	2.88	2.84	2.76	2.68	2.67	2.69	2.78	2.83
1986	2.91	2.82	2.82	2.75	2.74	2.74	2.66	2.69	2.76			
Sirloin steak, bone in												
1984	2.89	3.06	3.09	3.18	3.09	3.17	3.18	3.11	3.09	2.98	3.00	3.07
1985	2.98	2.97	2.99	2.96	3.00	3.08	3.06	2.94	2.87	2.82	2.84	2.98
1986	2.90	2.97	2.84	2.90	2.99	3.01	3.07	3.01	3.01			
Chuck steak, bone in												
1984	1.75	1.80	1.78	1.78	1.72	1.65	1.59	1.63	1.62	1.68	1.77	1.76
1985	1.72	1.74	1.71	1.66	1.62	1.54	1.53	1.56	1.54	1.60	1.68	1.74
1986	1.72	1.58	1.62	1.52	1.48	1.50	1.47	1.60	1.55			
T-Bone steak, bone in												
1984	3.83	3.86	3.86	3.98	3.93	4.06	4.06	4.02	3.95	3.91	3.96	3.97
1985	3.96	3.97	3.98	4.03	3.98	4.09	4.10	3.91	3.87	3.78	3.86	4.05
1986	3.99	3.91	3.87	3.90	3.96	3.99	4.06	4.11	4.09			
Porterhouse steak, bone in												
1984	3.76	3.91	4.06	4.04	4.10	4.18	4.16	4.21	4.11	3.98	4.03	4.14
1985	4.10	4.04	4.00	4.04	4.04	4.04	4.22	4.03	4.05	3.98	3.91	4.04
1986	4.08	3.96	3.92	3.96	4.16	4.22	4.29	4.29	4.28			
PORK												
Bacon, sliced												
1984	1.81	1.88	1.80	1.80	1.82	1.83	1.90	1.90	1.89	1.90	1.87	1.89
1985	1.95	1.97	1.96	1.95	1.93	1.89	1.95	1.96	1.93	1.95	1.93	1.92
1986	1.94	1.96	1.89	1.87	1.87	1.95	2.16	2.33	2.37			
Chops, center cut												
1984	2.41	2.36	2.34	2.35	2.28	2.37	2.43	2.52	2.40	2.37	2.35	2.37
1985	2.37	2.41	2.35	2.27	2.24	2.31	2.35	2.34	2.34	2.30	2.38	2.39
1986	2.47	2.42	2.38	2.36	2.40	2.48	2.76	2.81	2.82			

Continued--

Table 42--Average retail price of specified meat cuts, per pound, by months--Continued

Year and item	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
						Dollars						
Ham, rump or shank half												
1984	1.33	1.32	1.32	1.30	1.28	1.28	1.27	1.32	1.35	1.37	1.35	1.37
1985	1.36	1.32	1.34	1.22	1.27	1.24	1.24	1.26	1.25	1.27	1.29	1.36
1986	1.38	1.42	1.38	1.30	1.32	1.33	1.46	1.52	1.58			
Sirloin roast, bone in												
1984	1.67	1.67	1.65	1.66	1.61	1.64	1.66	1.73	1.66	1.62	1.60	1.60
1985	1.68	1.63	1.60	1.55	1.54	1.50	1.62	1.58	1.54	1.58	1.61	1.65
1986	1.66	1.65	1.65	1.64	1.65	1.67	1.90	1.89	1.89			
Shoulder picnic, bone in												
1984	1.04	1.03	.98	1.03	1.02	.98	.98	.98	.99	1.01	1.02	1.02
1985	1.06	1.03	1.04	1.04	.99	.98	1.01	1.03	1.00	1.01	1.02	1.07
1986	1.06	1.03	1.00	1.00	.96	.99	1.01	1.12	1.14			
Sausage, fresh, pork, loose												
1984	1.66	1.72	1.68	1.66	1.72	1.74	1.72	1.76	1.72	1.74	1.74	1.70
1985	1.72	1.78	1.77	1.74	1.75	1.73	1.75	1.74	1.72	1.66	1.69	1.78
1986	1.84	1.79	1.86	1.78	1.77	1.76	1.85	1.94	2.05			
MISCELLANEOUS CUTS												
Ham, canned, 3 or 5 lbs												
1984	2.59	2.59	2.58	2.53	2.55	2.54	2.52	2.54	2.57	2.60	2.53	2.57
1985	2.64	2.66	2.70	2.55	2.57	2.53	2.52	2.52	2.51	2.51	2.50	2.49
1986	2.56	2.68	2.58	2.57	2.55	2.57	2.58	2.64	2.70			
Frankfurters, all meat												
1984	1.76	1.80	1.81	1.78	1.80	1.81	1.80	1.81	1.81	1.82	1.78	1.80
1985	1.81	1.83	1.82	1.80	1.81	1.81	1.77	1.77	1.83	1.86	1.82	1.83
1986	1.91	1.92	1.88	1.85	1.87	1.89	1.91	1.96	2.00			
Bologna												
1984	2.07	2.09	2.12	2.10	2.13	2.15	2.16	2.14	2.17	2.15	2.16	2.14
1985	2.12	2.10	2.11	2.15	2.13	2.12	2.11	2.09	2.13	2.11	2.07	2.12
1986	2.14	2.09	2.12	2.12	2.10	2.11	2.15	2.19	2.23			
Beef liver												
1984	.96	.96	.96	.98	.97	.98	.99	1.00	1.00	.99	1.00	1.00
1985	.95	.96	.97	.96	.94	.98	.96	.95	.94	.93	.95	1.04
1986	.99	.96	.95	.97	.96	.97	.98	.94	.95			

Table 43--CPI meat prices, and relationship of individual meat indexes to index for meat, poultry, fish, and eggs

Year	Indexes: Meat, poultry, fish & eggs	Beef and veal	Pork	Poultry	Eggs	Percent of meat, poultry, fish and eggs index: Beef and veal	Pork	Poultry	Eggs
	--- 1967=100 ---					--- Percent ---			
1970	117.3	119.5	115.9	108.4	125.6	102	99	92	107
1971	116.2	124.9	105.0	109.0	108.4	107	90	94	93
1972	126.4	136.6	121.6	110.4	107.7	108	96	87	85
1973	160.4	163.8	161.7	154.8	160.2	102	101	97	100
1974	163.7	168.5	161.0	146.9	160.8	103	98	90	98
1975	176.4	170.0	196.9	162.4	157.8	96	112	92	89
1976	178.9	164.5	199.5	155.7	172.4	92	112	87	96
1977	177.5	163.6	188.8	156.7	166.9	92	106	88	94
1978	204.3	201.0	213.1	172.9	157.8	98	104	85	77
1979	234.2	255.8	216.4	181.5	172.8	109	92	77	74
1980	242.2	270.3	209.1	190.8	169.7	112	86	79	70
1981	252.8	272.6	228.6	198.6	183.8	108	90	79	73
1982	262.1	276.5	258.1	195.1	178.7	105	98	74	68
1983	261.0	272.3	255.8	197.5	187.1	104	98	76	72
1984	266.6	275.6	252.5	218.5	209.0	103	95	82	78
1985									
Jan.	266.6	276.4	258.5	217.4	161.3	104	97	82	61
Feb.	267.0	275.6	258.9	219.5	169.7	103	97	82	64
Mar.	266.1	275.3	256.5	217.3	172.1	103	96	82	65
I	266.6	275.8	258.0	218.1	167.7	103	97	82	63
Apr.	263.6	273.7	249.0	216.7	169.9	104	94	82	64
May	259.8	269.0	247.8	213.6	159.9	104	95	82	62
June	259.8	267.4	248.6	216.0	158.3	103	96	83	61
II	261.1	270.0	248.5	215.4	162.7	103	95	82	62
July	260.5	264.7	253.1	214.7	168.4	102	97	82	65
Aug.	259.7	261.8	253.8	213.9	171.0	101	98	82	66
Sept.	260.0	261.1	252.1	215.9	185.7	100	97	83	71
III	260.3	262.5	253.0	214.8	175.0	101	97	83	67
Oct.	261.1	263.2	249.4	214.3	187.4	103	94	82	70
Nov.	266.1	270.8	254.0	216.8	190.8	102	95	81	70
Dec.	269.9	277.8	254.7	220.3	196.7	103	94	82	70
IV	265.7	270.6	252.7	217.1	191.6	102	95	82	70
Annual	263.4	269.7	253.0	216.4	174.3	102	96	82	66
1986									
Jan.	271.5	275.7	259.3	218.2	194.4	102	96	80	72
Feb.	268.4	272.3	257.0	218.5	186.7	101	96	81	70
Mar.	267.7	271.3	253.4	218.2	190.8	101	95	82	71
I	269.2	273.1	256.6	218.3	190.6	101	96	81	71
Apr.	264.2	266.0	249.9	215.7	188.8	101	94	82	71
May	263.4	264.9	250.0	218.7	173.7	101	95	83	66
June	265.1	264.9	257.0	223.7	166.9	100	97	84	63
II	264.2	265.3	252.3	219.4	176.5	100	95	83	67
July	274.9	267.6	278.0	240.3	175.2	97	101	87	64
Aug.	283.0	270.9	292.6	255.0	192.9	96	103	90	68
Sept.	284.7	272.4	300.1	249.5	186.0	96	105	88	65
III	280.9	270.3	290.2	248.3	184.7	96	103	88	66

Table 44--Total red meat supply and utilization by quarters, carcass and retail weight, 1982-86 1/

Year	Commercial production	Farm production	Beginning stocks	Imports	Total supply	Exports	Shipments	Military purchases	Ending stocks	Total disappearance	Per capita disappearance		Population
											Carcass weight	Retail weight	
				- - - - Million pounds - - - -							- - Pounds - -		Million
BEEF:													
1982	22,366	170	257	1,939.18	24,732.18	249.74	55.30	135	294	23,998.13	104.28	77.17	230.30
1983	23,060	183	294	1,931.07	25,468.07	272.10	40.23	121	325	24,709.74	106.23	78.61	232.60
1984	23,418	180	325	1,823.08	25,746.08	328.76	47.26	112	358	24,900.06	106.05	78.48	234.80
1985													
I	5,692	60	358	419.60	6,529.60	81.58	12.34	28	334	6,073.68	25.71	19.03	236.20
II	5,923	26	334	534.32	6,817.32	77.12	11.99	31	296	6,401.21	27.03	20.00	236.80
III	6,167	25	296	632.58	7,120.58	91.26	11.64	30	308	6,679.68	28.14	20.82	237.40
IV	5,775	60	308	481.40	6,624.40	78.21	15.32	26	317	6,187.87	26.01	19.24	237.90
Year	23,557	171	358	2,067.90	26,153.90	328.17	51.29	115	317	25,342.44	106.93	79.13	237.00
1986													
I	5,769	60	317	502	6,648.00	101.67	13.00	24	297	6,212.33	26.00	19.30	238.50
II	6,247	26	297	482	7,052.00	83.00	11.70	33	322	6,602.60	27.62	20.44	239.00
III 2/	6,275	25	322	640	7,236.98	143.54	15.00	29	292	6,757.44	28.32	20.20	239.60
Year 3/	23,941	171	317	2,125	26,554.00	500.00	55.0	122	325	25,552.00	106.80	79.00	239.30
1987 3/	22,375	171	325	2,150	25,021.0	450.0	60.0	110	325	24,076.00	99.70	73.80	241.50
PORK:													
1982	14,121	108	264	612.11	15,105.11	214.29	151.16	96	219	14,424.66	62.63	59.00	230.30
1983	15,117	82	219	701.61	16,119.61	219.32	141.60	89	301	15,368.69	66.07	62.17	232.60
1984	14,720	92	301	953.92	16,066.92	163.85	147.00	86	274	15,396.07	65.57	61.76	234.80
1985													
I	3,618	28	274	313.14	4,233.14	33.84	32.74	17	314	3,835.56	16.24	15.26	236.20
II	3,743	11	314	287.71	4,355.71	37.20	33.48	20	385	3,880.03	16.39	15.40	236.80
III	3,553	12	385	264.80	4,214.80	25.42	28.06	18	277	3,866.32	16.28	15.31	237.40
IV	3,814	28	277	262.13	4,381.13	31.92	37.10	17	229	4,066.11	17.09	16.07	237.90
Year	14,728	79	274	1,127.78	16,208.78	128.38	131.38	72	229	15,648.02	66.01	62.05	237.00
1986													
I	3,565	28	229	279.23	4,101.23	15.57	33.30	16	254	3,782.36	15.86	14.91	238.50
II	3,567	12	254	246.64	4,079.64	28.08	30.00	21	248	3,752.56	15.70	14.76	239.00
III 2/	3,237	12	248	281.57	3,778.57	14.73	35.00	19	186	3,523.84	14.70	13.80	239.60
Year 3/	13,968	80	229	1,080.00	15,357.00	190.00	133.00	77	210	14,847.00	62.00	58.30	239.30
1987 3/	13,775	80	210	1,100.00	15,165.00	120.00	140.00	80	225	14,600.00	60.40	56.80	241.50
LAMB AND MUTTON:													
1982	356	9	11	18.67	394.67	1.72	2.42	1	9	380.52	1.65	1.47	230.30
1983	367	8	9	18.77	402.77	1.45	2.22	0	11	388.10	1.67	1.49	232.60
1984	371	8	11	20.00	410.00	1.93	2.83	0	7	398.24	1.70	1.51	234.80
1985													
I	93	2	7	4.60	106.60	.27	.67	-	7	98.66	.42	.37	236.22
II	83	2	7	10.95	102.95	.21	.58	-	9	93.16	.39	.35	236.80
III	85	1	9	6.47	101.47	.24	.68	-	9	91.55	.39	.34	237.40
IV	91	2	9	14.45	116.45	.29	.53	-	13	102.63	.43	.38	237.90
Year	352	7	7	36.47	402.47	1.01	2.46	-	13	386.00	1.63	1.45	237.00
1986													
I	90	2	13	10.30	115.30	.36	.62	0	12	102.32	.43	.38	238.50
II	78	1	12	11.00	101.50	.25	.44	0	14	86.81	.36	.35	239.00
III 3/	80	1	14	8.08	103.08	.27	0	0	15	88.00	.40	.30	239.60
Year 3/	329	6	13	40.00	388.00	2.00	1.00	0	14	371.00	1.60	1.40	239.30
1987 3/	320	6	14	45.00	385.00	2.00	1.00	0	8	374.00	1.50	1.40	241.50

Continued--

Table 44--Total red meat supply and utilization by quarters, carcass and retail weight, 1982-87 1/--Continued

Year	Commercial production	Farm production	Beginning stocks	Imports	Total supply	Exports	Shipments	Military purchases	Ending stocks	Total disappearance	Per capita disappearance Carcass weight	Per capita disappearance Retail weight	Population
	- - - - Million pounds - - - -										- Pounds -		Million
VEAL:													
1982	423	25	9	18.76	475.76	3.80	1.47	6	7	457.49	1.99	1.65	230.30
1983	428	25	7	18.55	478.55	4.06	1.09	7	9	457.40	1.97	1.64	232.60
1984	479	16	9	24.09	528.09	5.65	1.35	4	14	503.09	2.14	1.78	234.80
1985													
I	119	6	14	4.85	143.85	.90	.07	1	11	130.88	.55	.46	236.20
II	120	2	11	5.85	138.85	.94	.05	2	11	124.86	.53	.44	236.80
III	126	2	11	2.72	141.72	1.05	.35	2	10	128.32	.54	.45	237.40
IV	134	6	10	6.28	156.28	.74	.27	2	11	142.67	.60	.50	237.90
Year	499	16	14	19.70	548.70	3.63	.74	7	11	526.73	2.22	1.84	237.00
1986													
I	129	6	11	7.49	153.49	.90	.25	1	10	141.34	.59	.49	238.50
II	129	2	11	3.86	145.86	.81	.23	2	9	134.14	.56	.46	239.00
III 2/	130	2	9	4.11	143.11	1.64	1.00	2	7	134.00	.60	.50	239.60
Year 3/	503	16	11	22.00	552.00	5.00	1.00	7	7	532.00	2.20	1.80	239.30
1987 3/	410	16	7	20.00	453.00	4.00	1.00	7	7	434.00	1.80	1.50	241.50
TOTAL RED MEAT:													
1982	37,266	312	541	2,588.72	40,707.71	469.56	210.35	238	529	39,260.79	170.48	139.29	230.30
1983	38,972	298	529	2,670.00	42,469.00	496.93	185.14	217	646	40,923.93	175.94	143.91	232.60
1984	38,988	296	646	2,821.09	42,751.09	500.19	198.44	202	653	41,197.46	175.46	143.60	234.80
1985													
I	9,522	96	653	742.19	11,013.19	116.59	45.82	46	666	10,138.78	42.92	35.12	236.20
II	9,869	41	666	838.83	11,414.83	115.47	46.10	53	701	10,499.26	44.33	36.19	236.80
III	9,931	40	701	906.57	11,578.57	117.97	40.73	50	604	10,748.89	45.29	36.86	237.40
IV	9,814	96	604	764.26	11,278.26	111.16	53.22	45	570	10,489.28	44.13	36.19	237.90
Year	39,136	273	653	3,251.85	43,313.85	461.19	185.87	194	570	41,902.79	176.80	144.36	237.00
1986													
I	9,553	96	570	798.71	11,016.71	118.50	47.07	41	573	10,238.00	42.92	35.07	238.50
II	10,021	41	573	743.02	11,379.02	111.86	52.82	56	593	10,565.14	44.20	35.98	239.00
III 2/	9,723	40	593	933.74	11,289.74	160.18	51.00	51	500	10,503.00	43.80	35.50	239.60
Year 3/	38,741	273	570	3,267.00	42,851.00	597.00	190.00	206	556	41,302.00	171.60	140.60	239.30
1987 3/	36,880	273	556	3,315.00	41,024.00	576.00	202.00	197	565	39,484.00	163.50	133.40	241.50

1/ Totals may not add because of rounding. 2/ Preliminary. 3/ Forecast. 4/ Less than .5.

Table 45--Poultry: Supply and utilization, 1985-86 1/

Year	Total production	Beginning stocks	Total supply	Exports	Shipments	Military purchases	Ending Stocks	Civilian disappearance Total	Civilian disappearance Per capita 3/
	- - - - - - Million pounds - - - - - -								Pounds
Young chicken:									
1985 4/									
I	3,272.3	19.7	3,292.0	100.0	39.0	7.1	24.1	3,121.8	13.2
II	3,562.3	24.1	3,286.4	102.3	34.8	10.3	28.5	3,410.4	14.4
III	3,535.5	28.5	3,564.0	104.6	34.1	7.5	27.7	3,390.1	14.3
IV	3,391.5	27.7	3,419.2	110.0	35.0	8.9	26.6	3,238.8	13.6
Year	13,761.6	19.7	13,7813.2	416.9	142.9	33.9	26.6	13,161.1	55.5
1986 4/									
I	3,451.4	26.6	3,478.0	120.8	36.0	7.2	23.8	3,290.2	13.8
II	3,721.9	23.8	3,745.7	135.1	34.0	11.0	23.8	3,542.2	14.8
III	3,647.2	23.3	3,670.5	131.9			23.8		
Year 5/	14,344	26.6	14,371	520	135	35	25	13,656	57.1
1987	15,263	25	15,288	520	140	36	25	14,567	60.3
Other chicken:									
1985 4/									
I	185.7	119.2	304.9	3.3	.2	.6	142.7	158.0	0.7
II	161.6	142.7	304.4	4.7	.2	.4	143.7	155.2	0.7
III	143.7	143.7	287.4	6.5	.1	.5	148.2	132.1	0.6
IV	144.6	148.2	292.9	6.1	.8	.5	144.1	141.4	0.6
Year	635.7	119.2	754.8	20.6	1.4	2.1	144.1	586.8	2.5
1986 4/									
I	172.8	144.1	316.9	3.4	.5	.4	160.7	151.7	.6
II	184.6	160.7	345.3	3.8	.6	.7	156.9	183.2	.8
III	158.7	156.9	315.6	4.4			149.0		
Year 5/	668	144.1	812	18	3	2	110	679	2.8
1987	640	110	750	20	4	1	110	615	2.5
Total chicken:									
1985 4/									
I	3,458.0	138.9	3,596.9	103.3	39.2	7.8	166.8	3,279.8	13.9
II	3,724.0	166.8	3,890.8	107.0	35.1	10.8	172.3	3,565.7	15.1
III	3,679.2	172.3	3,851.5	111.1	34.2	8.0	176.0	3,522.2	14.8
IV	3,536.1	176.0	3,712.1	116.1	35.8	9.4	170.6	3,380.2	14.2
Year	14,397.3	138.9	14,536.2	437.5	144.2	36.0	170.6	13,747.9	58.0
1986 4/									
I	3,624.2	170.6	3,794.8	124.2	36.5	7.6	184.5	3,441.9	14.4
II	3,906.4	184.5	4,090.9	138.9	34.6	11.7	180.2	2,725.4	15.6
III	3,805.9	180.2	3,986.1	136.3					
Year 5/	15,012	170.6	15,183	538	138	37	135	14,335	59.9
1987	15,903	135	16,038	540	144	37	135	15,182	62.8
Turkey:									
1985 4/									
I	506.1	125.3	631.4	6.1	0.7	2.4	131.1	491.1	2.1
II	660.0	131.1	791.1	4.6	1.0	2.7	243.3	539.5	2.3
III	898.4	243.3	1,141.6	7.3	1.0	4.4	444.5	684.5	2.9
IV	877.6	444.5	1,322.0	9.3	3.9	3.5	150.2	1,155.2	4.9
Year	2,942.1	125.3	3,067.4	27.2	6.6	13.0	150.2	2,870.4	12.1
1986 4/									
I	583.6	150.2	733.8	4.8	.3	1.5	150.0	577.1	2.4
II	753.4	150.0	903.4	5.3	.1	1.8	294.0	602.2	2.5
III	980.6	294.0	1,274.6	6.7			511.5		
Year 5/	3,305	150.2	3,455	25	5	14	170	3,241	13.5
1987	3,846	170	4,016	25	4	16	150	3,821	15.8
Total poultry:									
1985 4/									
I	3,964.1	264.2	4,228.4	109.4	39.9	10.2	297.9	3,771.0	16.0
II	4,384.0	297.9	4,681.9	111.6	36.0	13.5	415.5	4,105.2	17.3
III	4,577.6	415.5	4,993.1	118.4	35.2	12.4	620.4	4,206.7	17.7
IV	4,413.7	620.4	5,034.1	125.3	39.6	12.9	320.8	4,535.4	19.1
Year	17,339.4	264.2	17,603.6	464.7	150.8	49.0	320.8	16,618.3	70.1
1986 4/									
I	4,207.7	320.8	4,528.5	129.1	36.9	9.1	334.5	4,019.0	16.9
II	4,659.8	334.5	4,994.3	144.2	34.7	13.5	474.3	4,327.6	18.1
III	4,786.1	474.3	5,260.4	143.1			684.3		
Year 5/	18,317	320.8	18,638	563	143	51	305	17,575.8	73.4
1987	19,749	305	20,054	565	148	53	285	19,003	78.6

1/ Totals may not add because of rounding. 2/ Total production is estimated by multiplying the federally inspected slaughter by the ratio of the annual total production to the annual federally inspected slaughter. The ratio for 1985 is the same as in 1984. 3/ Calculated from unrounded data. 4/ Preliminary. 5/ Forecast.

Table 46--Total red meat and poultry supply and utilization, 1982-85 1/

Year	Total production	Beginning stocks	Imports	Total supply	Exports and shipments	Military	Ending stocks	Total civilian disappearance	Per capita disappearance
	Million pounds								Pounds
1982									
Year	53,011	929	2,589	56,529	1,410	286	868	53,965	203.1
1983									
I	13,057	868	720	14,645	321	64	870	13,389	50.0
II	13,623	870	704	15,197	339	74	950	13,834	51.8
III	14,018	950	717	15,684	309	71	1,066	14,238	52.9
IV	14,338	1,067	530	15,935	359	57	921	14,599	54.5
Year	55,036	868	2,670	58,574	1,328	267	921	56,060	209.1
1984									
I	13,461	921	685	15,066	328	53	946	13,740	50.9
II	13,891	946	633	15,470	306	80	1,072	14,011	52.0
III	13,892	1,072	783	15,746	333	63	1,114	14,236	52.6
IV	14,432	1,114	721	16,268	345	55	917	14,951	55.4
Year	55,676	921	2,821	59,418	1,312	251	917	56,938	210.9
1985									
I	13,582	917	742	15,241	313	56	964	13,910	51.0
II	14,294	964	839	16,096	309	67	1,116	14,605	53.6
III	14,549	1,116	907	16,572	312	62	1,224	14,956	54.6
IV	14,324	1,224	764	16,312	329	58	891	15,024	55.3
Year	56,749	917	3,252	60,917	1,519	243	891	58,521	214.6
1986									
I	13,660	891	799	15,350	332	50	908	14,060	51.9
II	14,557	908	743	16,208	344	69	1,067	14,728	54.1
III 2/	14,381	1,067	934	16,382	388	66	1,184	14,744	53.8
Year 3/	56,577	891	3,267	61,489	1,493	258	861	58,878	214.0
1987									
Year 3/	56,095	861	3,315	61,078	1,491	250	850	58,487	212.1

1/ Totals may not add due to rounding. 2/ Preliminary. 3/ Forecast.

Table 47—Selected price statistics for meat animals and meat

Item	1985					1986											
	III	Oct.	Nov.	Dec.	IV	Jan.	Feb.	Mar.	I	Apr.	May	June	II	July	Aug.	Sept.	III
	Dollars per cwt																
SLAUGHTER STEERS:																	
Omaha:																	
Choice, 900-1100 lb	52.16	58.02	63.30	62.94	61.42	59.69	56.42	55.55	57.22	53.68	55.79	54.08	54.52	58.27	59.04	59.43	58.91
Good, 900-1100 lb	46.92	52.16	56.94	56.82	55.31	54.35	53.38	50.86	52.86	49.13	48.78	47.64	48.52	50.55	52.27	53.66	52.16
California, Choice 900-1100 lb	53.59	60.75	64.88	65.98	63.87	60.85	57.75	57.44	58.68	55.90	56.90	53.88	55.56	56.55	59.00	59.06	58.20
Colorado, Choice 900-1100 lb	54.17	60.58	66.06	64.88	63.84	59.94	56.94	56.38	57.75	55.52	57.27	55.83	56.21	58.99	59.87	60.71	59.86
Texas, Choice 900-1100 lb	54.38	61.11	66.39	65.86	64.45	60.81	57.74	57.43	58.66	55.91	57.95	55.81	56.56	59.28	59.84	60.44	59.85
SLAUGHTER HEIFERS:																	
Omaha:																	
Choice, 900-1100 lb	51.96	58.61	63.47	62.71	61.60	59.38	55.90	54.70	56.66	53.30	55.72	54.30	54.44	58.03	56.16	59.38	57.86
Good, 700-900 lb	48.72	53.51	47.41	56.94	52.62	54.43	52.09	50.82	52.45	49.67	51.54	49.50	50.24	52.83	54.02	54.33	53.73
COWS:																	
Omaha:																	
Commercial	35.37	33.14	32.31	32.40	32.62	34.24	36.95	37.40	36.20	35.09	37.15	38.30	36.85	37.97	38.09	38.88	38.31
Utility	36.00	34.42	34.86	33.88	34.39	34.94	37.62	38.00	36.85	35.95	37.91	38.77	37.54	38.32	37.62	38.42	38.12
Cutter	35.62	34.04	34.18	32.91	33.71	33.93	36.05	36.86	35.61	35.05	37.46	37.80	36.10	37.40	36.59	36.91	36.97
Canner	35.62	31.30	31.56	30.12	30.99	31.04	32.92	33.43	32.46	31.92	33.81	34.31	33.35	33.71	32.30	33.43	33.15
VEALERS:																	
Choice, So. St. Paul	60.28	60.00	55.00	45.94	53.65	45.00	52.50	55.00	50.83	55.00	55.83	61.10	57.31	62.13	62.50	67.50	64.04
FEEDER STEERS: 1/																	
Kansas City:																	
Medium No. 1, 400-500 lb	66.48	68.86	68.28	64.58	67.24	67.65	71.35	71.64	70.21	69.20	68.95	65.13	67.76	67.20	71.13	72.88	70.40
Medium No. 1, 600-700 lb	60.84	62.37	62.86	60.98	62.08	62.16	62.42	63.22	62.60	60.32	60.40	58.50	59.74	61.00	65.75	65.50	64.08
All weights and grades	55.69	59.12	60.05	62.04	60.40	59.51	59.33	57.95	58.93	56.68	62.21	53.69	57.53	57.98	62.20	61.51	60.56
Amarillo:																	
Medium No. 1, 600-700 lb	59.72	60.11	61.94	61.65	61.23	62.41	62.81	59.03	61.42	55.15	54.28	54.88	54.77	61.08	63.63	63.50	62.74
Georgia auctions:																	
Medium No. 1, 600-700 lb	55.00	55.38	57.00	56.67	56.35	58.00	58.75	57.62	58.12	57.62	53.25	52.75	54.54	56.50	58.00	59.38	57.96
Medium No. 2, 400-500 lb	56.38	56.25	59.33	58.17	57.92	58.38	60.75	60.00	59.71	60.00	54.75	54.62	56.46	57.75	58.75	60.50	59.00
FEEDER HEIFERS:																	
Kansas City:																	
Medium No. 1, 400-500 lb	57.47	57.08	56.64	54.55	56.09	56.25	60.20	59.42	58.62	59.04	58.50	55.50	57.68	57.30	60.75	63.25	60.43
Medium No. 1, 600-700 lb	54.43	55.20	55.44	54.82	55.15	54.91	55.95	55.32	55.39	53.32	51.05	50.00	51.46	56.10	59.25	60.75	58.70
SLAUGHTER HOGS:																	
Barrows and gilts:																	
Omaha:																	
No. 1 & 2, 210-240 lb	44.11	44.68	45.21	48.07	45.99	46.82	44.44	41.70	44.32	41.15	48.62	55.37	48.38	61.88	63.76	60.51	62.05
All weights	43.44	44.00	43.92	46.70	44.87	45.46	43.46	40.88	43.27	40.15	46.99	54.41	47.18	60.88	63.11	59.21	61.07
Sioux City	43.81	44.20	44.46	47.11	45.26	45.60	43.80	41.08	43.49	40.59	47.47	54.95	47.42	61.59	63.66	59.59	61.61
7 markets 2/	43.62	44.09	44.14	46.91	45.05	45.48	43.55	40.88	43.30	40.27	46.91	54.50	47.14	60.99	63.39	59.01	61.13
Sows:																	
7 markets 2/	36.38	37.53	38.73	38.07	38.11	30.18	39.46	38.89	38.84	38.91	41.57	45.97	42.11	50.86	55.98	55.59	54.14
FEEDER PIGS:																	
No. 1 & 2, So. Mo., 40-50 lb (per hd.)	32.67	36.49	31.67	28.65	32.27	30.96	37.26	41.33	36.52	37.98	39.97	41.92	39.96	50.76	56.64	59.63	55.68

Continued--

Table 47--Selected price statistics for meat animals and meat--Continued

Item	1985					1986											
	III	Oct.	Nov.	Dec.	IV	Jan.	Feb.	Mar.	I	Apr.	May	June	II	July	Aug.	Sept.	III
	Dollars per cwt																
SLAUGHTER LAMBS:																	
Lambs, Choice, San Angelo	70.98	67.25	64.17	59.33	63.58	65.81	67.50	63.58	65.63	74.22	81.25	77.36	77.37	73.84	68.12	66.38	69.45
Lambs, Choice, So. St. Paul	70.23	64.52	64.11	60.10	62.91	62.70	70.40	66.60	66.57	70.70	78.72	72.20	73.87	71.13	65.53	60.43	65.70
Ewes, Good, San Angelo	34.69	30.25	32.83	36.67	33.25	34.69	31.88	33.12	33.23	32.20	33.94	35.88	34.01	35.31	34.88	29.38	33.19
Ewes, Good, So. St. Paul	19.83	21.00	21.42	22.40	21.61	29.07	25.88	20.60	25.18	NA	23.00	21.20	22.10	20.12	20.08	20.50	20.23
FEEDER LAMBS:																	
Choice, San Angelo	74.89	81.65	87.92	84.67	84.75	77.90	75.12	66.69	73.24	79.98	84.22	84.69	82.96	79.97	80.00	83.88	81.28
Choice, So. St. Paul	70.85	67.32	70.35	70.76	69.48	70.10	73.48	74.00	72.53	72.08	73.35	77.40	74.28	74.95	74.53	69.50	72.99
FARM PRICES:																	
Beef cattle	49.57	52.10	54.80	54.80	53.90	53.20	53.00	52.40	52.87	50.30	51.00	50.10	50.47	52.90	54.40	54.60	53.97
Calves	59.90	60.20	61.40	59.80	60.47	60.10	62.80	61.90	61.60	58.90	58.00	58.10	58.33	59.40	61.10	63.40	61.30
Hogs	42.67	43.10	43.20	45.30	43.87	44.30	42.80	40.40	42.50	39.70	45.80	52.60	46.03	59.00	62.10	58.30	59.80
Sheep	26.20	21.50	23.60	28.90	24.67	29.90	26.10	23.00	26.33	24.90	24.10	25.90	24.97	26.70	26.40	27.30	26.80
Lambs	70.60	67.80	66.00	62.50	65.43	63.90	67.00	64.90	65.27	69.10	76.30	74.00	73.13	71.90	69.50	67.60	69.67
MEAT PRICES:																	
Wholesale:																	
Central U.S. markets																	
Steer beef, Choice, 600-700 lb	81.13	91.11	99.68	98.84	96.54	92.26	86.82	85.04	88.04	83.34	86.42	83.58	84.45	89.25	90.98	90.50	90.24
Heifer beef, Choice 500-600 lb	80.17	89.33	96.70	91.15	92.39	90.42	84.94	83.09	86.15	82.00	85.16	82.40	83.19	88.32	90.48	90.09	89.63
Cow beef, Canner and Cutter	72.52	68.12	67.08	68.37	67.86	69.71	72.92	72.12	71.58	68.76	71.39	73.41	71.19	73.33	71.50	72.60	72.48
Pork loins, 14-17 lb 4/	93.55	97.85	90.00	100.34	96.06	95.43	91.75	88.12	91.77	89.31	102.53	111.58	101.14	121.77	125.73	118.84	122.11
Pork bellies, 12-14 lb	56.03	52.09	51.73	58.63	54.14	61.27	51.50	50.80	54.52	49.45	61.82	71.83	61.03	90.08	89.10	75.64	84.94
Hams, skinned, 14-17 lb	64.90	72.42	NA	66.67	69.34	64.44	63.00	61.12	62.85	58.20	64.89	69.69	64.26	85.57	92.16	98.98	92.24
East Coast:																	
Lamb, Choice and Prime, 35-45 lb	147.24	143.75	145.00	139.75	142.83	144.75	149.58	150.00	148.11	151.71	161.75	156.88	156.78	149.00	142.50	136.46	142.65
Lamb, Choice and Prime, 55-65 lb	147.12	140.00	131.75	125.06	132.27	133.62	138.58	128.88	133.69	145.30	158.08	148.75	150.71	148.50	142.50	134.70	141.90
West Coast:																	
Steer beef, Choice, 600-700 lb	85.96	99.40	109.12	110.00	101.53	98.80	91.12	99.50	96.47	87.60	90.13	88.67	88.80	92.10	94.50	95.33	93.98
	Cents per lb																
Retail:																	
Beef, Choice	226.57	224.2	229.9	236.9	230.33	236.9	232.5	230.3	233.2	227.0	226.8	226.6	226.8	227.4	230.2	231.0	229.5
Pork	161.10	160.0	162.4	166.5	162.97	169.0	168.3	165.8	167.7	162.2	162.3	166.5	183.7	158.4	190.3	194.4	189.4
	1967=100																
Price Indexes (BLS, 1967=100):																	
Retail meats	261.4	261.2	266.3	270.1	265.9	270.6	268.4	266.6	269.5	262.3	262.1	264.4	262.9	272.9	279.8	283.6	278.8
Beef and veal	262.5	263.2	270.8	277.8	270.6	275.7	272.3	271.3	274.0	266.0	264.9	264.9	265.3	267.6	270.9	272.4	270.3
Pork	253.0	249.9	254.0	254.7	252.9	259.3	257.0	253.4	258.2	249.9	250.0	257.0	252.3	278.0	292.6	300.1	290.2
Other meats	267.5	269.8	269.0	268.1	269.0	269.6	271.1	269.8	270.4	267.3	269.6	270.6	269.2	274.1	278.3	282.5	278.3
Poultry	214.8	214.3	216.8	220.3	217.1	218.2	218.5	218.2	218.4	215.7	218.7	223.7	219.4	240.3	255.0	249.5	248.3
LIVESTOCK-FEED RATIOS, OMAHA 3/																	
Beef steer-corn	21.4	25.7	27.8	26.7	26.7	25.6	24.4	24.0	24.7	22.9	22.8	22.3	22.7	29.0	36.6	42.4	36.0
Hog-corn	17.7	19.5	19.3	19.8	19.5	19.0	19.0	17.6	18.5	17.2	19.5	22.4	19.7	30.3	39.3	42.9	37.5

1/ Reflects new feeder cattle grades. 2/ St. Louis N.S.Y., Kansas City, Omaha, Sioux City, So. St. Joseph, So. St. Paul, and Indianapolis. 3/ Bushels of No. 2 yellow corn equivalent in value to 100 pounds live weight. 4/ Prior to January 1984 prices are 8-14 pounds. * Prelim- inary. NA = Not available.

Table 48—Selected marketings, slaughter, and stock statistics for meat animals and meat

Item	1985 Oct.	Nov.	Dec.	IV	1986 Jan.	Feb.	Mar.	I	Apr.	May	June	II	July	Aug.	Sept.	III
								1,000 head								
FEDERALLY INSPECTED:																
Slaughter																
Cattle	3,097	2,669	2,778	8,614	3,204	2,613	2,726	8,543	3,096	3,123	3,017	9,236	3,213	3,101	3,019	9,333
Steers	1,345	1,174	1,228	3,747	1,458	1,222	1,286	3,966	1,485	1,454	1,467	4,406	1,504	1,449	1,447	1,467
Heifers	978	758	788	2,524	951	819	836	2,606	892	938	889	2,719	971	977	924	957
Cows	704	674	706	2,084	736	526	550	1,812	666	669	600	1,935	675	615	587	626
Bulls and stags	69	62	55	186	59	46	54	159	52	63	60	175	63	60	62	62
Calves	298	268	298	864	289	256	276	821	284	257	240	781	281	262	263	269
Sheep and lambs	554	460	490	1,504	507	441	524	1,472	477	417	406	1,300	432	426	495	451
Hogs	7,566	6,817	6,640	21,023	6,968	6,127	6,662	19,727	7,160	6,699	5,894	19,753	5,918	5,798	6,322	6,013
								Percent								
Percentage sows	4.7	4.8	5.2	4.9	4.9	4.6	4.1	4.5	3.9	4.3	5.1	4.4	5.8	5.5	4.9	5.4
								Pounds								
Average live wt:																
per head:																
Cattle	1,110	1,110	1,099	1,106	1,105	1,113	1,116	1,111	1,115	1,107	1,098	1,107	1,095	1,095	1,107	1,099
Calves	229	235	232	232	237	235	236	236	240	248	249	246	242	237	241	240
Sheep and lambs	115	117	117	117	118	119	118	118	118	117	116	117	114	114	117	115
Hogs	246	248	247	247	246	244	244	245	245	246	245	245	245	244	245	245
Average dressed wt:																
Beef	658	653	641	651	649	658	662	656	663	658	654	658	652	654	662	656
Veal	139	141	139	140	144	143	143	143	146	151	153	150	148	147	146	147
Lamb and mutton	58	59	60	59	60	60	59	60	60	59	58	59	57	58	59	58
Pork	175	177	177	176	177	175	176	176	177	177	176	177	175	174	176	175
Production:																
Beef	2,029	1,735	1,774	5,538	2,070	1,713	1,798	5,581	2,044	2,047	1,967	6,058	2,086	2,020	1,990	6,096
Veal	41	112	41	94	41	36	39	116	41	38	36	115	41	38	38	117
Lamb and mutton	32	27	29	88	30	26	31	87	28	24	23	75	25	24	29	78
Pork	1,321	1,206	1,171	3,698	1,230	1,071	1,166	3,467	1,261	1,180	1,035	3,476	1,034	1,009	1,107	3,150
COMMERCIAL: 1/								1,000 head								
Slaughter:																
Cattle	3,242	2,812	2,925	8,729	3,330	2,715	2,839	8,884	3,215	3,235	3,123	9,574	3,322	3,203	3,128	9,653
Calves	319	288	316	923	307	272	294	873	303	276	257	836	300	278	281	859
Sheep and Lambs	570	475	504	1,549	518	452	540	1,510	492	431	419	1,342	448	443	511	1,402
Hogs	7,788	7,033	6,900	21,721	7,185	6,306	6,855	20,346	7,354	6,884	6,076	20,314	6,098	5,972	6,502	18,572
								Million pounds								
Production:																
Beef	2,108	1,812	1,855	5,775	2,139	1,769	1,861	5,769	2,111	2,109	2,027	6,247	2,148	2,077	2,050	6,275
Veal	46	42	46	134	46	40	43	132	45	43	41	129	45	42	43	130
Lamb and mutton	33	28	30	91	31	27	32	90	29	25	24	78	25	25	30	80
Pork	1,358	1,241	1,215	3,814	1,266	1,101	1,198	3,565	1,292	1,210	1,065	3,567	1,063	1,037	1,137	3,237
COLO STORAGE STOCKS END OF QUARTER: 2/ 3/								Million pounds								
Beef	295	302	317	317	318	297	301	301	301	318	322	322	337	319	292	292
Veal	12	11	11	11	11	11	10	10	10	9	9	9	9	8	7	7
Lamb and mutton	10	12	13	13	12	14	12	12	13	13	14	14	14	15	14	14
Pork	277	265	229	229	235	239	254	254	284	280	248	248	215	185	186	186
Total meat	646	633	607	607	617	615	622	622	663	674	641	641	620	565	499	499

1/ Federally inspected and other commercial. 2/ Beginning January 1977, excludes beef and pork stocks in cooler. 3/ Stock levels end of quarter or month.

Table 49--Selected foreign trade, by months

Item	1985						1986								
	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.
	Million pounds														
Imports (carcass weight):															
Beef	209.38	213.34	210.00	161.81	151.30	168.31	187.20	159.43	155.06	143.16	148.58	190.28	232.33	207.96	199.69
Veal	.74	.96	1.00	1.46	1.69	3.13	3.31	3.00	1.18	.93	1.41	1.52	1.45	.90	1.76
Pork	90.15	85.78	88.87	89.28	94.08	78.74	99.26	86.72	93.24	82.54	79.58	84.52	99.61	88.48	93.48
Lamb and mutton	2.64	1.96	1.87	4.00	3.11	7.34	2.49	3.11	4.70	4.15	3.72	2.63	4.32	1.45	2.31
Exports (carcass weight):															
Beef	23.25	34.04	33.97	32.62	24.69	20.90	37.59	33.69	30.89	31.72	28.07	22.93	30.04	52.40	61.10
Veal	.57	.27	.21	.19	.11	.44	.30	.30	.30	.25	.22	.34	.49	.52	.63
Pork	9.34	11.03	5.05	9.73	13.75	8.44	5.26	4.25	6.06	10.37	10.05	7.66	4.81	4.94	4.98
Lamb and mutton	.08	.09	.07	.05	.12	.12	.17	.12	.05	.08	.08	.09	.11	.07	.09
Shipments (carcass weight):															
Beef	4.23	3.24	4.17	4.04	7.69	3.59	4.70	3.82	4.38	3.70	4.57	3.40	4.66	4.90	
Veal	.14	.09	.12	.15	.00	.12	.07	.04	.14	.01	.14	.09	.13	.14	
Pork	9.31	9.73	9.02	10.04	15.50	11.56	11.56	7.97	13.68	11.24	10.87	7.92	9.02	10.60	
Lamb and mutton	.19	.26	.23	.16	.20	.17	.17	.29	.16	.21	.14	.09	.08	.14	
	Number														
Live animal imports:															
Cattle	35,840	30,920	32,506	23,878	132,223	230,200	167,215	104,931	103,300	77,281	126,750	61,947	81,510	55,237	38,087
Hogs	108,483	65,195	48,421	37,371	38,630	65,854	70,493	47,021	29,067	33,260	25,128	38,926	81,333	51,789	41,133
Sheep and Lambs	5,467	5,070	3,412	2,773	3,543	1,020	1,161	1,509	1,227	496	31	1,911	4,782	4,521	3,719
Live animal exports:															
Cattle	5,619	14,248	6,400	6,912	10,222	16,115	6,182	8,188	5,684	4,541	9,307	9,529	8,420	10,486	9,652
Hogs	1,356	1,933	1,632	2,742	1,283	1,158	651	2,331	494	2,143	531	1,014	605	719	1,747
Sheep and lambs	36,121	27,530	20,124	23,696	18,721	22,073	13,441	12,208	16,726	15,171	14,759	11,396	10,458	6,924	7,236

Table 50--Imports of feeder cattle, calves and hogs from Canada and Mexico

Year and month	Feeder cattle and calves		Hogs
	Canada	Mexico	Canada
	Number		
1984			
Jan.	13,812	113,941	92,407
Feb.	22,425	93,891	87,962
Mar.	26,074	70,948	94,035
Apr.	35,117	27,318	114,760
May	34,211	14,051	97,358
June	29,376	1,799	117,160
July	39,468	15,055	137,082
Aug.	35,872	415	120,698
Sept.	36,866	10,896	90,282
Oct.	33,333	2,885	116,121
Nov.	27,209	533	112,086
Dec.	22,851	38,531	142,064
Total	356,614	390,263	1,322,015
1985			
Jan.	17,060	59,670	184,294
Feb.	33,849	4,416	142,330
Mar.	65,973	4,767	213,490
Apr.	55,824	4,303	89,183
May	35,865	15,684	123,103
June	23,208	26,073	108,799
July	14,152	21,278	108,481
Aug.	14,284	16,105	65,195
Sept.	15,066	16,884	48,421
Oct.	19,406	4,147	37,371
Nov.	29,958	101,638	38,630
Dec.	27,844	201,513	65,854
Total	352,489	476,478	1,225,131
1986			
Jan.	24,480	142,416	70,480
Feb.	28,787	75,606	47,021
Mar.	25,184	77,806	29,067
Apr.	21,994	54,507	33,260
May	23,510	102,789	25,128
June	19,928	41,353	38,926
July	27,196	53,808	81,333
August	19,156	35,650	51,789
September	17,332	20,333	41,133

EGGS USED FOR HATCHING

By

Allen Baker and Paul Hurt 1/

Abstract: Procedures to estimate eggs used for hatching were changed after weekly data were no longer available for table egg type eggs and chicks hatched. The current procedure uses eggs in incubators on the first of the month. The current procedure indicates 2.5 percent fewer eggs used for hatching than the old procedure which used hatchability to derive eggs used for hatching.

Key words: Eggs used for hatching, estimating per capita disappearance, hatchability.

The Economic Research Service (ERS) uses among other things the number of eggs devoted to hatching purposes to estimate per capita egg consumption. Egg consumption is based on the number of eggs left after accounting for other uses such as ending stocks in cold storage, exports, shipments to U.S. territories, and eggs used by the military. Since 1960, the procedure for calculating the per capita consumption series has been constant. Changes in the method of estimating its components are undertaken reluctantly.

In the past, data collected by the National Agricultural Statistics Service could be used to estimate hatching eggs used. The reported eggs set and the resulting chicks hatched 3 weeks later in the 19 major broiler producing States and table-egg data from four States were used by the ERS to estimate hatchability. Hatchability is the number of chicks hatched from 100 eggs set expressed as a percentage. The hatchability for broilers and egg-type chicks on a weekly basis was used to estimate a monthly hatchability, which, when applied to the reported month's chick hatch, gave hatching eggs used. These hatching eggs were subtracted from total egg supplies when estimating egg consumption. Occasionally, hatchability was reported in ERS's situation reports to help explain a shift in supplies of broilers or table-egg pullets.

The use of data on eggs set and chicks hatched for table-egg birds has been a concern over time because of the relatively small number of States reporting weekly data. In 1986, budget reductions resulted in the loss of all but one State reporting egg-type eggs set and chicks hatched and a decline in the number of States reporting on broilers. The broiler data could have continued to be used to estimate hatching eggs used, but with very little data on table-eggs, a change became necessary.

Three methods were available to estimate hatching egg use. The first was to use an average hatchability based on historical data which assumes no changes in hatchability over time. However, hatchability is not constant; for example, it was 81 percent in 1982-83 and 79 percent in 1984-85. Another method was to calculate hatchability based on the 12 States making weekly estimates of broiler eggs set and chicks placed and assume that the table-egg hatchability would be the same. This approach would pick up the seasonality in hatchability. However, regional differences would not be accounted for, because principle table-egg hatchery operations are sometimes not in the same regions as broiler breeders. Also, the hatchability of broilers and table-egg types has been slightly different in the past.

The third method was to use chicks hatched and the number of eggs in incubators on the first of the month to estimate the number of eggs used for hatching. This procedure uses eggs in incubators on the first

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of the next month (those set during the previous 21 days) plus a factor times the eggs in incubators in the current month. Thus, the eggs used in the first few days of the month are assumed to be at the same rate as the first of the current month. The factor is the number of days in the month minus 21 divided by 21 (see example calculation).

This approach maintains the seasonality in the data as opposed to using a constant hatching percentage during the year. Hatchability usually declines slightly in the summer and this procedure continues to pick up the decline. Estimated hatchability is higher using eggs in incubators on the first of the month relative to eggs set and chicks placed. In 1985, hatchability (chicks hatched divided by eggs used) was 81.6 percent using eggs in incubators, and 79 percent using the old method.

Hatchability is the sum of broiler chicks hatched and egg-type chicks hatched divided by eggs used. When hatchability is estimated using eggs set and chicks placed, any chick loss after hatching and before placing would lower hatchability. Also, chicks hatched and placed in States outside of the 12 major broiler States would also statistically lower hatchability.

Early literature on fertility suggests it may range from 85 to 90 percent. This was based on incubating the eggs for several days then candling them; any eggs with embryo development were classified as fertile. This would result in a higher level of fertility than using actual chicks hatched. The new procedure to estimate hatching egg use results in hatchability closer to the literature than the old method.

Using eggs in incubators on the first of the month to estimate hatching egg use results in fewer eggs being used than when eggs set and chicks placed were used. In 1985, using eggs set and chicks placed resulted in hatching egg use of 548 million dozen. The new method resulted in 535 million dozen, 2.5 percent fewer.

The current procedure has been used to calculate monthly use of eggs by hatcheries and in the estimates of per capita egg consumption. The historical series will not be revised because of this change in procedure.

Example Calculations for First-Quarter 1985

Eggs used for hatching in January:

Egg-type eggs in incubators February 1 =		25,389,000
plus those in incubators January 1 =	25,229,000 x (31-21)/21 =	12,013,810
Total egg-type eggs used		37,402,810
Broiler-type eggs in incubators February 1 =		332,148,000
Plus those in incubators January 1 =	331,015,000 x (31-21)/21 =	157,626,190
Total broiler-type eggs used		489,774,190

Total eggs used for hatching:

37,402,810 + 489,774,190 = 527,177,000 divided by 12 = 43,931,417 dozen

Eggs used for hatching in February:

Egg-type eggs in incubators March 1 =		32,004,000
plus those in incubators February 1 =	25,389,000 x (28-21)/21 =	8,463,000
Total egg-type eggs used		40,467,000
Broiler-type eggs in incubators March 1 =		345,347,000
Plus those in incubators February 1 =	332,148,000 x (28-21)/21 =	110,716,000
Total broiler-type eggs used		456,063,000

Total eggs used for hatching:

40,467,000 + 456,063,000 = 496,530,000 divided by 12 = 41,377,500 dozen

Eggs used for hatching in March:

Egg-type eggs in incubators April 1 =		36,628,000
plus those in incubators March 1 =	32,004,000 x (31-21)/21 =	15,240,000
Total egg-type eggs used		51,868,000
Broiler-type eggs in incubators April 1 =		348,365,000
Plus those in incubators March 1 =	345,347,000 x (31-21)/21 =	164,450,952
Total broiler-type eggs used		512,815,952

Total eggs used for hatching:

51,868,000 + 512,815,952 = 564,683,952 divided by 12 = 47,056,996 dozen

Total used in first-quarter 1985:

43,931,417 + 41,377,500 + 47,056,996 = 132,365,913 dozen

Table A.--Eggs used for hatching, 1980-85

Year and quarters	Egg use based on: Eggs in incubators first of the month	Egg use based on: Weekly eggs set and chicks placed	Quantity	Difference
	- - - - Thousand dozen	- - - -		Percent
1980	491,629	498,691	-7,062	-1.4
I	125,892	128,027	-2,135	-1.7
II	126,890	128,271	-1,381	-1.1
III	119,267	119,945	-678	-.6
IV	119,580	122,448	-2,868	-2.3
1981	498,144	506,713	-8,569	-1.7
I	128,264	131,246	-2,982	-2.3
II	130,483	131,708	-1,225	-.9
III	120,765	121,299	-534	-.4
IV	118,632	122,460	-3,828	-3.1
1982	496,169	505,652	-9,483	-1.9
I	125,490	128,439	-2,949	-2.3
II	129,734	132,353	-2,619	-2.0
III	120,876	120,359	517	-.4
IV	120,069	124,501	-4,432	-3.6
1983	490,013	499,966	-9,953	-2.0
I	125,043	128,361	-3,318	-2.6
II	126,067	129,161	-3,094	-2.4
III	119,778	120,088	-310	-.3
IV	119,125	122,356	-3,231	-2.6
1984	520,190	529,674	-9,484	-1.8
I	130,417	132,949	-2,532	-1.9
II	135,705	137,988	-2,283	-1.6
III	128,207	128,380	-173	-.1
IV	125,861	130,357	-4,496	-3.4
1985	535,192	548,086	-12,894	-2.4
I	132,366	136,113	-3,747	-2.8
II	137,133	139,703	-2,570	-1.8
III	132,266	133,661	-1,395	-1.0
IV	133,427	138,609	-5,182	-3.7

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